

July 1971

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FINANCIAL TIMES

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News Summary

U.K., Irish troops

U.S. has trade surplus

U.K. troops The last night called on the British Army to end its "futile and dangerous" border-sealing operations after British and Irish troops faced each other in a border bridge at Mullagh, Co. Monaghan.

U.S. trade surplus The U.S. in September had its first trade surplus for six months.

STERLING

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U.S. trade surplus The U.S. in September had its first trade surplus for six months.

France cuts discount rate

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Commons votes 112 majority for the Market

Heath gets clear victory on the principle of entry

BY JOHN BOURNE, LOBBY EDITOR

Mr. Heath today won a clear victory on the principle of entry into the Common Market, as the House of Commons voted 112 to 67 in favour of the Government's position.

The vote was a far greater majority than anyone had expected until the last tense few days—the House of Commons has taken the first, decisive step towards joining Britain to Europe.

When the decision to accept the Government's entry terms was announced by the Speaker last night, Tories and Labour Marketeers—some standing 15-deep at the bar of the packed House—shouted and the chamber echoed with cheers.

The vote was 356 to 244—a majority of 112, which is four times the Government's normal majority. The decisive factor was, as expected, the votes of the rebel Labour pro-Marketeers—88 of whom voted with the Government while another 18 abstained.

Mr. Harold Wilson looked rueful as the result was announced. The size of the Labour rebellion emphasises the split in his Party, but it will help to protect the pro-Marketeers from some of their Party colleagues. There is safety in numbers.

Leading the Labour Marketeers was Mr. Roy Jenkins and four other members of the "shadow" Cabinet, plus about 13 of the front bench spokesmen appointed by Mr. Wilson.

The result of the vote is a setback for the Opposition's anti-Market policy, and has dispirited the Left-wing, as well as the 39 anti-Market Tories who voted against entry and the two Tory abstainers.

For the Prime Minister and his cabinet—especially Mr. William Whitelaw, the Leader of the House, who pounded his knees with delight last night on the front bench—the vote was an undoubted triumph. However, the real significance of it is fourfold.

As Mr. Heath told the House just before the division: "Many people for Europe have been long delayed. There has been great uncertainty. Tonight that can be removed." Also, the Government can now argue in the face of a still hostile public opinion that the vote of the Commons is equivalent to "the

...the circumstances in which a future Labour Government might leave the EEC. The only consolation for the Government and for his own pro-Marketeers was that he did not suggest or imply that a Labour Government would actually take the initiative in "pulling out." But what he did say delighted his Left-wingers and other fervent anti-Marketeers.

Challenged by Mr. Duncan Saeed to state the position of a future Labour Government on the Common Market, the Labour leader said: "It is a fact that one Parliament cannot bind its successor. On the other hand, we recognise what is involved in a Treaty signature."

"We would immediately give notice we could not accept the terms negotiated by the Conservatives, and in particular the unacceptable burdens arising out of the Common Agricultural Policy, the blows to the Commonwealth and any threats to our essential regional policies."

"If the Community then refused to negotiate or if negotiations were to fail, we would sit down amicably and discuss the situation with them. We should make it clear from that moment that our posture, like that of the French after 1955, would be rigidly directed towards the pursuit of British interests, and all other decisions and actions in relation to the Community would be dictated by that determination until we had secured our terms."

Then came the final sentence, which immediately had Labour anti-Marketeers cheering. "The Community," said Mr. Wilson, "could accept or decide that we should agree to part. That would depend on them."

Mr. Reginald Maudling, the first Government speaker yesterday, commented that Mr. Wilson had in this statement gone "rather further than on reflection, he would wish to be bad done."

Mr. Wilson rallied his anti-Marketeers again by saying that the fight against the Government's entry terms would continue. "To-day is not an end, it is a beginning," he said. He was clearly referring to the Opposition's coming attack on the Government's consequential legislation.

The Government is now confident that, in spite of the inevitable difficulties it will face, it will be able to carry the long and comprehensive legislation next year on a Tory vote. Then the Tory whip will be facing an entirely different problem.

Last night, their task was to ensure the biggest possible majority for the principle of British entry into the EEC. But when the Bills are debated—starting in January or February—majority of one would be enough at any stage, although clearly they hope for more. Also, if the Government is defeated on a key clause of its legislation, it can always re-introduce the clause at the Bill's report stage, and then have a second vote.

Admittedly, the Government can no longer, after last night's count on the mass support of Labour pro-Marketeers, although there is little doubt that, if the legislation got into difficulties, some Labour MPs would be ready to rescue the Government by absenting themselves from the Commons. Also, it is known that a handful of Right-wing Labour Members would if necessary even vote with the Government on key divisions.



Mr. Heath leaving Downing Street.

In a statement, the Prime Minister said: "Parliament has now decided that Britain should, in principle, join the European Economic Communities on the basis of the arrangements which have been negotiated."

"To-day's decision has been reached by a clear majority of the elected representatives of the people—men and women, who, irrespective of party political differences, share the conviction that this decision is best for their country."

"This is the outcome of years of patient negotiations. Governments of both parties. It marks the end of 10 years of debate."

"Now we stand ready to take our first step into a new world, full of opportunities. Our historic decision had been made; the British people accept the challenge. Let us show ourselves to that new world as we would wish it to see us—confident, proud and strong."

Court Line buys 2 TriStars

BY MICHAEL DONNE, AIR CORRESPONDENT

COURT LINE Aviation, one of Britain's biggest holiday charter airlines, has placed an initial order worth £15m. for two U.S. Lockheed TriStar airliners with Rolls-Royce RB-211 engines, and has taken an option on three more aircraft.

If the aircraft are converted into firm orders also, Court Line Aviation will thus be spending around £50m. on TriStars over the next five years.

Announcing the deal yesterday—the first new order for TriStars since the Lockheed/Rolls-Royce financial troubles earlier this year—Court Line Aviation (which is part of the Court Line group) said the order had been placed in association with Clarksons Holidays, an inclusive tour holiday operator.

400-seater

Court Line has just signed a new 5-year charter agreement with Clarksons which assures a high utilisation for the airline. The first two TriStars are due for delivery in time for the 1973 holiday season, while the aircraft on option could be delivered in 1974, 1975 and 1976.

The statement said that Clarksons Holidays Corporation and Court Line are being advised by N. M. Rothschild and Sons and the Commercial Aircraft Leasing Company (U.K.) in connection with the financing of the aircraft.

Since each TriStar has three Rolls-Royce (RB-211) RB-211 engines, the Court Line order will be worth some £15m. to Rolls-Royce.

The aircraft will be the special "high-density" version, seating up to 400 passengers, with built-in air-stair and baggage conveyors for ease of loading and unloading at airports without special equipment for TriStars.

Mr. John Young, managing director of the Court Line group, commented yesterday: "In 1972 Clarksons will take about 900,000 British holidaymakers abroad, and by 1975 they will be providing air travel on our main holiday routes that will demand an aircraft of this calibre and standard of comfort."

Mr. Tom Gulleck, managing director of Clarksons Holidays, said: "The TriStar's operating economics will mean that we can continue our policy of making quality holidays abroad available at the lowest possible prices and will also mean that, within reason, we should be able to maintain our prices in future years."

The TriStar is going to have tremendous passenger appeal, and will be the biggest single step forward in inclusive tourism since the change-over from obsolescent propeller aircraft to modern jets. It will be a winner."

Main operating base for the TriStars will be Luton.

Film shows

Clarksons says it is looking at the possibility of giving passengers in-flight films and music. The aircraft will be equipped for this.

Court Line's present fleet consists of 12 BAC One-Eleven Series 500 airliners. When the TriStar is added to the fleet in 1973 the airline expects to carry nearly 2m. passengers with a turnover of almost £15m. Four years ago, following the introduction of jets, the airline carried 300,000 passengers and the turnover was just £3m. Last year, aviation contributed more than £550,000 to the Court Line group's profits of over £2m.

The Court Line decision brings firm orders for the Lockheed TriStar to 108 aircraft, with another 49 on option, a total of 157 aircraft.

The Court Line aircraft on order and on option will help further to reduce the outstanding total of 39 aircraft of the airline, which is being held by Air Holdings of the U.K. for sale outside the U.S. If outstanding options for aircraft for Air Canada (nine) and Air Jamaica (one) are also taken into account, the figure of 39 aircraft is reduced to 24.

Lockheed itself is making a big play to win further orders in the European inclusive tour holiday market. Mr. Dan Haughton, chairman of Lockheed, said: "Our company predicts a yearly growth in the inclusive tour market to 1975 of about 15 per cent."

By 1980, our market surveys show that inclusive tour carriers could account for more than 50 per cent. of all European air traffic. We predict a potential market for 50 TriStar type aircraft among tour carriers by 1980."

The TriStar will give Court Line a greater range than ever before—about 2,700 miles instead of the present 1,100 miles. This brings every major holiday centre in Europe, North Africa and the Eastern Mediterranean within non-stop reach and increases the airline's ability to boost winter utilisation of its aircraft.

According to Mr. Ed Posey, managing director of Court Line Aviation: "With our refuelling stop in the Azores, even the Caribbean will now be within our capability." The Court Line group already has two hotels on the island of St. Lucia. Firmly back in business Page 8 Aerospace Page 8

ON OTHER PAGES

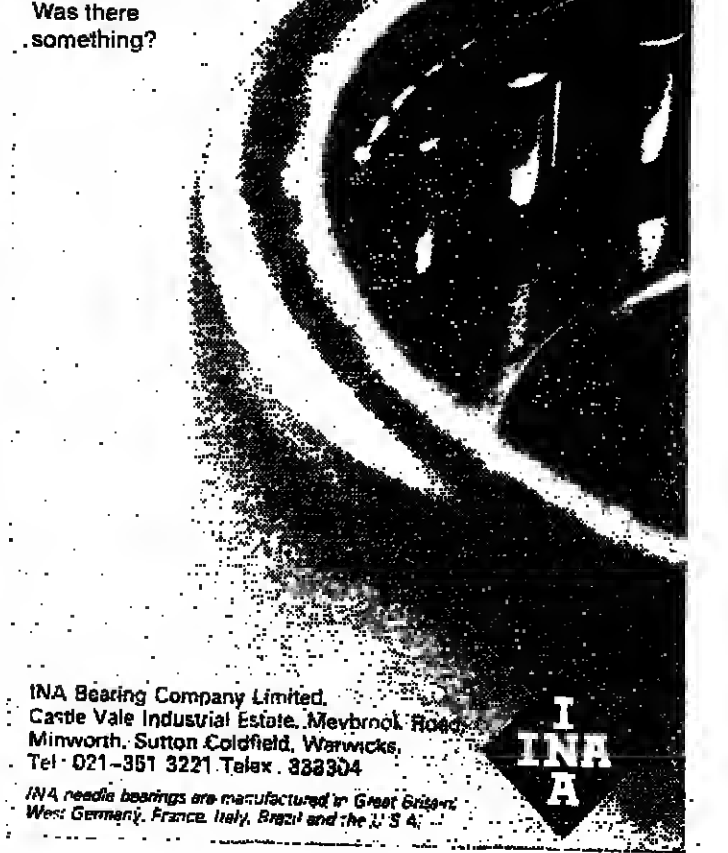
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INA never leave you alone...

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But not surprisingly. Because compared with balls, INA caged needles are stiffer litters—stay stronger longer. Which means you can either design small for big loads (and material savings)—or upgrade existing machinery with little or no modification. Both of which call for full co-operation from us. If we ever do get a complaint, we send in picked people to sort it out—even if it means working round the clock. Which sometimes makes our customers wish they'd kept quiet.

Was there something?



INA Bearing Company Limited, Castle Vale Industrial Estate, Mewbrook Road, Minworth, Sutton Coldfield, Warwickshire. Tel: 021-351 3221 Telex: 833304

New Allied offer to THF for talks

BY SANDY McLACHLAN

THE Allied Breweries' letter which arrived at Trust Houses today morning was an elaboration of the initial Allied request for friendly merger talks. The indications last night were that it would not shift THF from the hard line that any talks should take place after an offer has been put on the table.

Lord Cromer, the THF chairman, has not yet seen the Allied letter since he was busy on Royal Commission work yesterday and did not go to his THF office. But it is expected that he will reply to Allied today.

The Allied letter differs from the initial approach in two respects. In the first place it offers an exchange of information between the two groups, and secondly it suggests that since THF has now appointed financial advisers the exchange should take place at a meeting of the financial advisers to the two sides. These are Rothschild for Allied, and Warburgs and Schroders for THF.

The terms of the letter were indicated in an Allied statement last night and it is clear that its main purpose is to show to THF and others that the Allied approach is serious. This is the reason for Allied's offer to make available to THF's advisers relevant financial information concerning Allied.

It is clear that by being seen to be reasonable, Allied and its advisers hope they can bring pressure to bear on the THF Board to moderate its attitude. But if as expected Allied is again told that THF will only enter discussions when there is an offer to discuss, then it is little further forward than when the initial approach was made almost two weeks ago.

This disclosure of the contents of the letter by Allied can be seen also as an attempt to quell speculation that Allied is losing interest in the idea of a merger. But there is no doubt that Allied will consider its position very carefully in the face of continued opposition from the THF Board, which although still internally divided between the Trust Houses and Forte factions, is maintaining an outwardly united front on the prospective bid.

If the THF Board remains firm then Allied would face an uphill struggle in a contested bid, with Sir Charles Forte's 20 per cent. of the equity ranged against the offer, and the question mark over the position of the voting control of THF held by the Council of Trustees. It also has the problem that it would be offering substantial sums of money—albeit in paper—while still operating in the dark as far as the current THF financial situation is concerned.

Shares in the two companies were quiet yesterday. THF closed unchanged at 183p, having been firmer in early trading. Allied closed 13p down at 117 1/2p.

PRICE CHANGES

in pence unless otherwise stated

Com Inv.	180 + 12
Govt. Sec.	382 + 7
Ind. of Ireland	408 + 10
Ind. (R)	303 + 17
Ind. (S)	204 + 8
Ind. (G)	182 + 8
Ind. (F)	218 + 10
Ind. (D)	218 + 7
Ind. (J)	202 + 7

...and many more...

U.K. DAILY STOCK INDICES

FINANCIAL TIMES	10.28.71	10.27.71	% CHG
Gov. Sec.	78.94	78.92	0.02
Fixed Interest	78.90	78.75	0.15
Industrial Inv.	40.4	40.2	0.2
Gold Mines	3.2	3.2	0.0
Ord. Div. Yield	5.7	5.7	0.0
Share Index	183.0	183.0	0.0
Debt Index	117.0	117.0	0.0
FT All Share Index	117.0	117.0	0.0

...and many more...

FLOATING £

£	10.28.71	10.27.71	% CHG
U.S. \$	2.49	2.49	0.0
Swiss fr.	1.16	1.16	0.0
Dutch fl.	0.33	0.33	0.0
Belg. fr.	1.16	1.16	0.0
Ind. Inv.	1.27	1.27	0.0
French fr.	1.74	1.74	0.0
Sw. yen	0.21	0.21	0.0
Swiss fr.	0.94	0.94	0.0

...and many more...

Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4

Property bonds

Sir—Surely Viscount Selby (October 25) knows that for a century and a half certain company promoters with access to a large pool of money have been able to make their money appear respectable, and possibly to discourage the close inspection which should precede every investment.

Two knights and five CBEs were of no avail to Rolls-Royce; nor were an FCA, a BA(Com), an ACU and an FIAC able to prevent the company from going into liquidation.

Membership of the elite or of a professional organisation guarantees neither competence nor infallibility. But the Stock Exchange has a history longer than that of most professional bodies concerned with finance, and is thus very well qualified, through its Council, to act as the investors' watchdog. The Council's recent comments to the Scott Committee investigating property bonds consequently have my unqualified support.

Justin Brooke.

Kennel End, Harrow Park, Harrow on the Hill.

Protection of the public

Sir—I was at first inclined to agree with Viscount Selby in his "hand off property bonds" to the SEC. However, I then asked myself who might be better able to see the dangers and to protect us, the investing public, from the men of letters in whom Viscount Selby is so quick to put his faith. For my part it is not so much what they say, as what they don't say that is disturbing.

It is instructive to examine the withdrawal plan which has become such an attractive feature of so many of the bonds now in issue. Take for instance one of the most popular funds that works on a withdrawal figure of 6 per cent. per annum free of income tax and capital gains tax, conditional on an investment of £1,000 or more. They state "... provided that the annual total withdrawal does not exceed 6 per cent. and that total annual appreciation is not less than 6 per cent. your bond would retain its original value (calculated at the offer price of the Units). The annualised growth rate achieved has, in fact, comfortably exceeded 6 per cent. since the bonds were introduced."

As a member of the investing public you might be forgiven for assuming that you would receive at least 6 per cent. per annum on your original investment without prejudicing that investment. However, one fund, not as yet five years old and what the men of letters do not say is that on the fund's actual past performance,

Pollution

Street and watch the stream of taxis flowing past, many emitting clouds of black smoke... a breach of the existing law. Such smoke can be stopped in two simple ways: 1. the correct setting of injectors on diesel engines, and 2. the use of liquefied petroleum gas for taxi fuel. Last year one enterprising and public spirited firm did start a large conversion programme for its fleet. A step in the right direction. Yet the Government stepped in and imposed the full hydrocarbon fuel excise duty. This on a fuel that provides an almost perfect answer to the emission problem.

If the authorities are paying more than just lip service to the anti-pollution drive, it might be just a little more convincing if their actions co-incided with their words.

J. Cranfield.

63, Piccadilly, W.1.

Centigrade a metric unit

Sir—To try to put Mr. de la Mahotiere straight on the question of Centigrade and Fahrenheit units Edward Chappin (October 26) falls into the trap of believing that the "centigrade system is not metric at all."

The correct term for the degree Centigrade is the degree Celsius as suggested by Anders Celsius—the Swedish physicist and astronomer in 1742. This does give rise to confusion but the degree interval is exactly the same as the degree Celsius is one-hundredth of the difference between the temperature at which ice melts and water boils. Certainly the degree Celsius is a system metric unit.

Incidentally, in the International System of Units known as SI, which engineers are beginning to use, the SI unit of temperature is the kelvin (K) commemorating Lord Kelvin, the famous British scientist and inventor of the nineteenth century. Under this scale ice melts at 273.15 K at standard atmospheric pressure.

John Mortimer.

Editor, The Engineer.

23, Essex Street, Strand, W.C.2.

Capital gains tax and time

Sir—It is regrettable that the Stock Exchange chairman, Sir Martin Wilkinson, in his recent speech apparently omitted to include in his customary list of desirable fiscal reforms, that of an allowance for the time factor in assessing Capital Gains Tax.

This move seems particularly appropriate at a time when our legislators are apparently preparing to increase the rate of the tax. The Treasury admits to a fall in the purchasing power of the £ since June, 1970, of practically 10 per cent. and since 1965, the drop cannot be much less than 30 per cent., which means that merely to "stand still," an investment of say £1,000 in 1965 must now be worth, say £1,325.

In fact, after allowing for 30 per cent. tax, an appreciation of anything less than about 46 per cent. since 1965 leaves the investor who has to sell worse off in real terms.

One realises, of course, that a large proportion of MPs, far from being interested in justice for the investing public, violently desires its extermination, but I would expect the present Government at least to adopt the simple course of allowing an increase of say 10 per cent. in the assumed historic cost of all investments, for each complete year since the date of acquisition. Better still, an enormous amount of costly and time-consuming paperwork by all concerned could be avoided, "a stroke" to borrow a phrase, by exempting completely investments held continuously for

Anti-dumping

ambiguity, and vague, that is, "less plain" to use Mr. Thomas's terminology. I understand that General Tire in their patent use a measurement technique which only they themselves have used. Using this technique of measurement, many different results could be obtained so that it would be virtually impossible to say whether or not a material was inside or outside of their patent.

Because of such an ambiguity General Tire had the final decision in the South African proceedings held against them. It would appear that in Britain the tendency is for the law to move in the opposite direction, that is, in favour of ambiguity. This month's case appears to be against the theory of the patents system since a patent is supposed to allow the protection of a specific invention. In fact, the document guaranteeing protection is called a patent specification. How does one, therefore, specify the ambiguity?

A. C. T. Hawksley.

116, Cliftons Lane, Fleet Street, E.C.4.

The Werner Report

Sir—(Referring to the letter from Mr. J. M. Hall on October 26) the Werner Report, that is, "Interim Report on the Establishment of Stages of Economic and Monetary Union," was published as a Supplement to Vol. 3, of the Bulletin of the European Communities, July, 1970. It was published separately, and priced at 2s 6d.

It can be bought either from HMSO, who are sales agents for the Publications of the European Communities, or through any bookseller.

John Gillard Watson, Librarian, University of Oxford, Institute of Economics and Statistics.

St. Cross Building, Manor Road, Oxford.

Appeal Court and patents

Sir—My attention has been drawn, by a South African friend of mine, to a recent letter (September 28), in which a correspondent, Mr. C. J. Thomas, referred to the judgment given in the Court of Appeal in the case of General Tire and Rubber Company versus Firestone Tire and Rubber Company. The points made by the correspondent are very significant and the General Tire patent exemplifies the difficulties involved.

What Mr. Thomas did not make clear, however, was that it was already clear that a patent can be strengthened and made more valid by making the contents and examples more

Anti-dumping duties

Sir—Professor James Meade, in the second Harold Winchell Memorial Lecture delivered at the Royal Society, 14th October, 1971, and away the most effective way of promoting competition and curbing monopolistic powers would be to admit the free import of goods from all foreign sources, and this would also make producers who had to face foreign competition more willing to resist inflationary wage claims.

However, in the Financial Times (October 21) we had reports of anti-dumping duties imposed on imports of compound fertilisers, following the imposition of 15 months ago of similar duties on straight nitrogenous fertilisers.

The duty on chipboard has the effect of putting up the price of houses; the duty on fertilisers will have the effect of putting up the price of bread. There is something in either application for a duty.

Moreover, with fertilisers the world export prices are generally below home market prices so this means there must be "multiple dumping" with several countries selling to the U.K. at different prices. If the U.K. fertiliser manufacturers have put up their prices by something like one-sixth already

Living beyond their means

Sir—There is one aspect of the current argument over international exchange rates which does not seem to have appeared. The exchange value of any country's monetary unit must surely be affected by the standard of living which that country enjoys, and whether or not the country can afford the standards that it has set for itself.

Is it not possible that the current problems affecting the dollar are brought about by the U.S. enjoying a standard of living which is not earning? We are constantly being told during times of sterling crisis that we are living beyond our means and beyond our productivity. If the Japanese, and possibly other countries, are working harder for a lower standard of living it could be that the U.S. is asking that they subsidise them to a standard to which they are not currently entitled.

Ralph Keadar.

14 Holies Drive, Education, Nottingham.

Credit cards v. cheques

Sir—I must take issue with Mr. Harrison A. Lehmann (October 27) in his references to the "unfortunate experience" of Mrs. Nora Millar and to "discourteous hotel employees." The issue of a cheque is, regrettably, no guarantee of funds to meet it, and Mrs. Millar had only herself to blame in not carrying the increasingly popular bank credit / cheque card. It is probable, indeed, that the lack of this may itself cause doubts as to credit-worthiness.

The hotel bad, I consider, every right to charge the cost of the call to Mrs. Millar,

Anti-dumping

although in the interests of customer-relations this was obviously a mistake. It is true, of course, that most hotels do accept cheques but they must get "caught" from time to time, and if it were the case that they accepted them indiscriminately their foyers would be littered with bouncing cheques.

P. E. Glover.

131, New Hall Lane, Heaton, Bolton.

Stock Exchange margins

Sir—I am concerned at what I detect to be an unsatisfactory trend on the Stock Exchange, namely a tendency towards a widening of margins not only among the less marketable range of securities. I have insufficient information to confirm this assessment but if there was sufficient evidence a case would surely be made for some independent body to watch over this unfortunate trend.

My feelings are based on feedback from my brokers over the past few months and a particular example has prompted this letter. I sought to purchase for a trust some £500 worth of a convertible Loan stock of which over £1m. was in issue. My broker was quoted a price of 52 1/2 implying a 7 1/2 per cent. medium term coverage and 65 per cent. V. and then only "within a year." So, when talking a mercenary repute, one should really relate billings to covered, otherwise there is perspective.

I do not know what "radio" is, but it is not something that figures in our plans. Michael E. Metcalfe, Managing Director, Local Radio Services.

22, South Audley Street, W.1.

Liability for jury service

Sir—In this house as in any other household in the country we recently received and completed our form of registration for the electoral roll. This incorporates in an exceptional bazaar fashion, the question of liability for jury service. The "Occupier" should be between the ages of 18, 60, a eligible for this duty the community. There is a lutey no provision for any other than the nominal head of the household to serve on a jury regardless of the fact that house may be jointly owned and/or contain several and/or reasonably literate inhabitant.

In our jointly-owned house my husband, "the Occupier" just over the age limit when I (non-existent to the bureau) am well within the range. In view of the difficulties recruiting a sufficient number of suitable jurors and of the standard of literacy of many who serve in this capacity (abundantly) does it not seem that the method of jury selection is in need of revision? Clear that a large reserve of reasonably sensible people is able of useful service to the community who, for a pure technical reason are prevented from fulfilling their civic duty.

John Blane,

Mark Cross House, Ripe, Nr. Leves.

Commercial radio

Sir—I refer to the report Self-help Urged for Commercial Radio that appeared on Page 39 of your issue of October 27.

If Mr. Graham Blinn meant that the national advertisers would spend £10m. annually (and presumably fairly soon after the new medium becomes available) on commercial radio, then that is most encouraging forecast because, in our view, at least half the advertising investment on commercial radio will be from "local" sources and hence the "national" plus "local" aggregate would be well above some earlier pessimistic estimates.

Header at Haydock

TO-DAY'S seven-race programme at Haydock consists of three steeplechases and four flat races and those who share the Tote jackpot, swollen to £671 will be able to show remarkable perspicacity for not one of the events is easy to solve.

Possibly the most intricate problem that confronts backers is in the Claude Harrison Memorial Challenge Trophy (3.15), a five-furlong handicap for 3-year-olds and upwards. Claude Harrison, a much-loved and respected racing journalist, was a dab hand at solving puzzles of this nature but this one would surely have taxed his ingenuity. In reducing the issue to Solo Performance, Kings and Douane, I am by no means confident of having included the winner.

Solo Performance and Kings are precisely weighted in accordance with their running at York three weeks ago, and in Seventh Brave would have defeated Solo Performance at Newbury last week but not served violently in the closing stages. However, Douane, a victory for Trillium would be

TV Radio

CO-FOUNDER OF FOYLES DIES AT 85

Mr. Gilbert Foyle, co-founder of W. & G. Foyle, the Charing Cross Road bookellers, died yesterday. He was 85.

Mr. Foyle started the business with his brother William in 1903 after both had failed their civil service examinations. They began by selling second-hand books from the kitchen of their home. Gilbert was still working full-time for Shoreditch Borough Council but later gave up his job to join partnership with his brother.

F.T. CROSSWORD PUZZLE NO. 1,705

ACROSS

1 Material suitable for mother in role of king (8)

4 Start to serah (3, 3)

5 Country-lover joins disturbance led by Irishman (7)

9 Kind of literature to rub right nut (7)

11 A judge privately is referred to by dictionary (2, 8)

12 Advert for pastry (4)

13 Craftsman could give one a slating (5)

14 It has just been floated for baby (3, 3)

16 Unspeakable exhibition is just a charade (4, 4)

18 Initiated about motorway restriction (5)

20 Moment to stop pouring out (4)

21 Doty at number of birds shot just in case (7, 3)

22 Tell the officer it's a stomach trouble (7)

24 Father comes back to equal the Spanish habit (7)

25 Not giving up having a following (6)

26 Loved to make a fuss over cardinal (6)

DOWN

1 Attracted to being tied (5)

2 Master of ceremonies could swamp a beginner (7)

3 Ceremonial parade lasting 31 interminable days (4, 5)

BBC 1

* Indicates programme in black and white.

7.30 a.m. Can't You Be a Boy? 1.30

9.00 a.m. News, 9.15 News, 9.30 News, 9.45 News, 10.00 News, 10.15 News, 10.30 News, 10.45 News, 11.00 News, 11.15 News, 11.30 News, 11.45 News, 12.00 News, 12.15 News, 12.30 News, 12.45 News, 1.00 News, 1.15 News, 1.30 News, 1.45 News, 2.00 News, 2.15 News, 2.30 News, 2.45 News, 3.00 News, 3.15 News, 3.30 News, 3.45 News, 4.00 News, 4.15 News, 4.30 News, 4.45 News, 5.00 News, 5.15 News, 5.30 News, 5.45 News, 6.00 News, 6.15 News, 6.30 News, 6.45 News, 7.00 News, 7.15 News, 7.30 News, 7.45 News, 8.00 News, 8.15 News, 8.30 News, 8.45 News, 9.00 News, 9.15 News, 9.30 News, 9.45 News, 10.00 News, 10.15 News, 10.30 News, 10.45 News, 11.00 News, 11.15 News, 11.30 News, 11.45 News, 12.00 News, 12.15 News, 12.30 News, 12.45 News, 1.00 News, 1.15 News, 1.30 News, 1.45 News, 2.00 News, 2.15 News, 2.30 News, 2.45 News, 3.00 News, 3.15 News, 3.30 News, 3.45 News, 4.00 News, 4.15 News, 4.30 News, 4.45 News, 5.00 News, 5.15 News, 5.30 News, 5.45 News, 6.00 News, 6.15 News, 6.30 News, 6.45 News, 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Farming
and Raw
MaterialsPeru copper
mine strike
after all

By John Edwards

WORKERS at the Cerro de Pasco mines in Peru have gone on strike after all, despite a previous statement that the threat to stop work had been called off. Some 5,000 of the 16,000 workers at the copper, lead, zinc and silver mines began a strike on Tuesday, reports Reuter from Lima, and the remaining workers have threatened to join them.

Earlier the unions had called off a threat to strike when the Peruvian President, Juan Velasco, promised to mediate in the dispute. Cerro wants the claim to be deferred to December because of heavy losses suffered earlier this year, and in 1970 following a series of labour disputes.

The news had little impact on the London Metal Exchange. The small rise in copper prices, with cash wirebars up by £2.5 to £16.75 a ton, was attributed in some consumer interest and more influential buying that offset the lower trend in New York.

Zinc higher

In the London Metal Exchange zinc market, values jumped again, with cash gaining £2.5 to £10.575 a metric ton—close to the high of the year, £11.50, reached last Friday. It is thought that the profit-taking this week has left the market in a technically healthier state. So the emergence of some buying interest, not believed to be on behalf of producers, brought a sharp increase in prices. A noticeable feature is that the cash price is at a premium of £2 over the forward quotation indicating a supply squeeze.

Lead prices remained firm, despite no news of any moves to introduce a producer price, believed to have been discussed at a meeting this week. It is now generally thought that the proposal for a lead producer price is a "non-starter". Many producers, although in favour of a fixed producer quotation, consider it to be unworkable in view of the large supplies of scrap lead available.

A wave of selling by speculators in New York on Wednesday night brought silver prices back down with a whimper yesterday in London. The bullion fixing for spot silver was lowered by 1.3p to 51.9p a troy ounce—the 41 year low point reached last week.

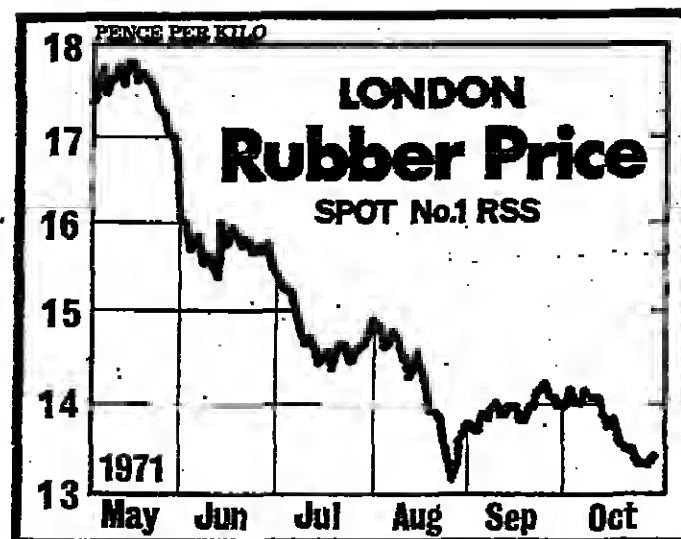
Steadier
tone in
rubber
marketBy Robin Reeves,
Commodities Editor

A SLIGHTLY steadier tone has come to the rubber market this week following the announcement in Kuala Lumpur that the Malaysian Government intends to continue giving buying support to rubber prices.

Last night the price of No. 1 RSS grade closed at 13.4p a kilo, 0.1p up on the day though still not far from the year's low of 13.15p a kilo.

The Malaysian Government's announcement by the acting Minister of Commerce and Industry, said that while very conscious of the difficulties of supporting the price, the Government would "nevertheless continue buying rubber from the market".

He listed the difficulties as the slower than hoped for recovery in the U.S. economy, and the continuing uncertainty regard-



log currency alignments both of which had tended to slow down economic activity.

The Minister might also have added the U.S. East Coast docks strike which is now almost a month old, was another factor depressing demand.

More immediately there is uncertainty in the trade over the future rubber freight rate. The rate is destined to go up in the New Year, but as yet it is not known by how much.

All in all therefore it is not surprising that the rubber market is depressed. But at the same

time it can be argued that these are all difficulties which are more likely to get better than worse. President Nixon is trying to set the U.S. economy on an expansionist road, and the docks strike must be settled sooner or later.

The currency situation, unlike the rubber market, is not going to be solved overnight, but to the meantime the market has had the Malaysian Government's assurance of continued support. Thus while prices may not go up, they are likely to be prevented from falling significantly further.

Apple freight rate rise agreed

BY JAMES McDONALD, SHIPPING CORRESPONDENT

THE freight rate for apples and pears from New Zealand to the U.K. and Continent will be raised by 18 per cent from the beginning of the 1972 New Zealand fruit season—starting from about the end of March 1972.

The increase has been agreed by the New Zealand Apple and Pear Marketing Board with the U.K. Maritime Fruit Carriers, of London, following two days of talks in London.

Announcing the agreement and the higher rates Mr. S. D. Sinclair, chairman of the New Zealand Board, said that the final 18 per cent rate was higher than he would have liked to be seen.

Mr. Sinclair added: "When we decided to withdraw from the British conference lines last year one of the major considerations was the need to contain costs, particularly in our trade with this part of the world. After a most successful operational year with Leighton and Maritime Fruit Carriers, we look upon the change with a great deal of satisfaction."

Referring to the freight negotiations, Mr. Sinclair pointed out that the Board had to equate its own major objective—the need to contain costs—with that of the shipping companies' argument concerning spiralling operating costs and a requirement for a fair return on a high capital investment.

"The Board recognises that a reasonable freight rate is necessary to enable the lines to maintain and develop a high standard of service which provides us with fast, modern, refrigerated ships."

Our Commodities Staff writes: It is believed an increase of 24 per cent in shipping freight rates for apples and pears from Australia next season is being proposed by the Australia to Europe Conference line at talks to be held next week. However, a complication has been introduced by a reported offer made by an unknown company, through W. Kopke, of New York, one of America's biggest fruit handlers, to handle over 1.2m. cases of fruit from Australia at cut-rate prices.

This offer will undoubtedly be used by the Australian growers as a bargaining counter against the proposal by the Conference line, which if agreed in full could be "disastrous" for the Australian fruit trade, it is claimed. The Australian growers' position has also been strengthened by the decision of the Tasmanian apple exporters to get together next season to rationalise all their shipments through one exporter.

Machinery costs attacked

BY OUR COMMODITIES EDITOR

THE steep rise in the costs of farm tractors and machinery and their maintenance was attacked last night by Mr. Henry Plumb, president of the National Farmers' Union.

Mr. Plumb told the annual dinner of the Agricultural Machinery and Tractor Dealers Association at Kenilworth, Warwickshire: "Our costs for depreciation, repairs, fuel and oil have spiralled by more than 30 per cent in the last five years and at the last price review, machinery accounted for at least 30 per cent of our total increases in costs."

It was a staggering thought, he said, that the price of a good

combine harvester to-day would have bought a fairly good 100 acre farm 20 years ago.

Mr. Plumb stressed that what farmers wanted above all was value for money—and service. For this reason the NFU supports the idea of "hunker stocking"—the setting up by makers or specially-appointed distributors of comprehensive regional stocks within a reasonable distance of most dealers and users.

Meanwhile in Kent, Mr. George C. C. Director-General of the NFU, told the Marden Fruit Society yesterday that the decision on Britain's EEC entry would affect the fruit industry more than any other sector.

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N.Z. Board
to fix
lamb prices

By Our Own Correspondent

WELLINGTON, Oct. 28

New Zealand Meat Board to-day reached a compromise agreement over the sale and marketing of New Zealand lamb. When the price for lamb offered to farmers crashed last week the Board set \$NZ4.50 as the minimum price which should be paid, but the buying companies defied the Board's wishes with offers ranging from only \$NZ3.75 to \$NZ4.20. As a result urgent legislation was rushed through Parliament to enable the Board to buy up lamb supplies and market them.

After lengthy discussions with the companies the Board announced that it will put out its own buying schedule every week. This will give the price at which the Board believes lamb should be bought from farmers. The schedule price will be based on forecasts of British wholesale prices. The meat companies will have the option of buying lambs from New Zealand farmers at the Board's price. Lambs not purchased by the Board and marketed by it in Britain through the companies' existing distribution.

The Board believes that prices previously quoted by meat companies are lower than the British market price justifies.

Then there is the young man in his thirties, hored with his job and a long way from promotion and his pension. His capital resources are limited to expectations from an elderly aunt and the equity of his mortgage. He sees from his reading of the farming papers that a small farm in the West of England costs no more than a few acres of land in the suburbs. He is sick of what he calls the rat race and his wife is always murmuring that she wished they lived in the country. He would like to be his own boss.

So would the third applicant the school leaver who has had his parents into letting him go into farming. He goes as a farm apprentice or as a pupil of a neighbouring farmer and to an agricultural college with no real prospects of ever being a farmer. According to the latest information only 10 per cent of agricultural students have any

prospect of farming on their own unless they are from farming families.

Capital is all important. Farmers have to be bought and they are dear. A 100 acre dairy farm on reasonable land able to carry 30 cows would cost about £20,000. The cows themselves another £12,000, which with machinery etc. would bring the figure up to nearly £30,000. Expenditure of this sort would provide the farmer with a guaranteed job, milking night and morning every day of the year for with 80 cows it's doubtful if the farmer would stand the cost of a full-time job but it's a steady grind like a job in the Civil Service or a bank but without holidays or a pension and probably a lower cash income. The land cost is high but if you buy cheaper land it will need more of it.

Pigs and poultry need little land and have provided a reasonable way into the industry in the past. But both these lines have been suffering from the rat race instinct of farmers themselves who leap on doubling their stock and herds. Around 5,000 hens or 50 sows used to be the basis for a reasonable living. To-day we are told that ten times these numbers are becoming necessary for success. They are both cyclical industries and at the moment are a very poor trade. Mixed farmers can take these periodic slumps in their stride. Specialists can have great difficulty.

Arable farming that is grain growing requires a lot of land, which in the better areas of the South and East of Britain would be at least £250 an acre. Three hundred acres would be the minimum area for a farmer with one employed man and would cost with working capital about £100,000. The returns are not high, but to a young man who would be unlikely to be more than £50 an acre which doesn't leave much in the way of margins after costs for interest on borrowed money and the farmers living expenses and profit.

Grazing beef cattle and sheep on grass looks easy from the

STARTING IN FARMING

The sensible advice
is don't

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

I AM CONTINUALLY receiving requests for advice about going into farming. Some of these include extremely detailed questionnaires, and as I'm not a professional consultant it might save a lot of trouble if I dealt with the prospects generally once and for all.

The candidates fall into three distinct classes. Tycoons that men who have made a great success in other business and for some reason wish to indulge in farming during their declining years. They present no problem as long as they have sufficient capital £200,000 plus to secure a farm which is large enough to support skilled management needed to produce a positive return rather than a negative return on their capital. Being tycoons I expect they can read balance sheets and look after their money if they cannot they deserve to lose their resources to those members of the existing farming community fortunate enough to be able to relieve them of it; all perfectly legally of course.

Then there is the young man in his thirties, hored with his job and a long way from promotion and his pension. His capital resources are limited to expectations from an elderly aunt and the equity of his mortgage. He sees from his reading of the farming papers that a small farm in the West of England costs no more than a few acres of land in the suburbs. He is sick of what he calls the rat race and his wife is always murmuring that she wished they lived in the country. He would like to be his own boss.

So would the third applicant the school leaver who has had his parents into letting him go into farming. He goes as a farm apprentice or as a pupil of a neighbouring farmer and to an agricultural college with no real prospects of ever being a farmer. According to the latest information only 10 per cent of agricultural students have any

prospect of farming on their own unless they are from farming families.

Capital is all important. Farmers have to be bought and they are dear. A 100 acre dairy farm on reasonable land able to carry 30 cows would cost about £20,000. The cows themselves another £12,000, which with machinery etc. would bring the figure up to nearly £30,000. Expenditure of this sort would provide the farmer with a guaranteed job, milking night and morning every day of the year for with 80 cows it's doubtful if the farmer would stand the cost of a full-time job but it's a steady grind like a job in the Civil Service or a bank but without holidays or a pension and probably a lower cash income. The land cost is high but if you buy cheaper land it will need more of it.

Pigs and poultry need little land and have provided a reasonable way into the industry in the past. But both these lines have been suffering from the rat race instinct of farmers themselves who leap on doubling their stock and herds. Around 5,000 hens or 50 sows used to be the basis for a reasonable living. To-day we are told that ten times these numbers are becoming necessary for success. They are both cyclical industries and at the moment are a very poor trade. Mixed farmers can take these periodic slumps in their stride. Specialists can have great difficulty.

Arable farming that is grain growing requires a lot of land, which in the better areas of the South and East of Britain would be at least £250 an acre. Three hundred acres would be the minimum area for a farmer with one employed man and would cost with working capital about £100,000. The returns are not high, but to a young man who would be unlikely to be more than £50 an acre which doesn't leave much in the way of margins after costs for interest on borrowed money and the farmers living expenses and profit.

Grazing beef cattle and sheep on grass looks easy from the

roadside but the capital requirement for the stock is very high and the returns are low.

It can be seen then that the main deterrent is the high cost of land which is maintained by many factors which have nothing to do with farming. The farms are to be let but to the decreasing numbers and by lords usually choose existing farmers or their sons when a new tenant. Money can be borrowed for land purchase. A Mortgage Corporation will at the moment lend to a young man the value of a farm at 9 per cent interest. In present circumstances an interest rate of 10 per cent is impossible service if they are borne more than a small percentage of the holding.

I'm not really concerned about the young man or the young man who has a job and a pension. If they have a reasonable sense to avoid their fingers by this time it's too bad. But I do think that school-leavers, their parents and teachers should have a better understanding of the difficulty of getting into farming.

Shotgun

Farming will still go on, of course. But as the labour force and the number of farmers the selves are contracting there is plenty of men already in farming to take the place of the old generation. The majority of the transfers to-day are being made between fathers and sons.

I am often asked if I would, in for farming if I were a young man. I have to start with I replied that if I were capable of rational thought which I am not, I would not. If my young man to a young man who really determined to get a job, I think he should get a job in the hope that the shotgun would be used to force him into a farm as well as matrimony. But could he be a heavy price and with no certainty as to the outcome.

School leaver

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Hill farmers needed in Lake District

THE Lake District, one of Britain's best-known areas of natural beauty, would "revert to wilderness or be planted to deep dark forest" unless hill farmers were encouraged to stay in business, according to a report to the National Farmers Union.

A working party of farmers, who visited the area, have told the NFU development and education committee, that the farmer is the closest ally of the walker, the holidaymaker and the preservationist, while the bill sheep is the park-keeper par excellence.

It was unfortunate that society was not prepared to pay the farmer more generously for his vital work, or to allow him the full benefits of earnings from the tourist. Alternative sources of income were available, but the farmer would have to be taught how to tap them, they said.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Recovered on the London Metal Exchange. Initial business in pre-market trading prompted some Continental interest and in the Ring influential buying of cash metal took prices higher. There were also rumours of some buying on behalf of the Chinese. The report that the strike at Cerro de Pasco in Peru had started, after all, had little impact. Turnover 10,275 metric tons.

Liverpool and C. reported that in the morning cash wirebars traded at 51.9p to 52.1p. The market was quiet at 11.2p to 11.4p. Cash wirebar Jan. 1972, 52.1p to 52.3p. Cash wirebar Feb. 1972, 52.1p to 52.3p. Cash wirebar Mar. 1972, 52.1p to 52.3p. Cash wirebar Apr. 1972, 52.1p to 52.3p. Cash wirebar May 1972, 52.1p to 52.3p. Cash wirebar Jun. 1972, 52.1p to 52.3p. Cash wirebar Jul. 1972, 52.1p to 52.3p. Cash wirebar Aug. 1972, 52.1p to 52.3p. Cash wirebar Sep. 1972, 52.1p to 52.3p. Cash wirebar Oct. 1972, 52.1p to 52.3p. Cash wirebar Nov. 1972, 52.1p to 52.3p. Cash wirebar Dec. 1972, 52.1p to 52.3p. Cash wirebar Jan. 1973, 52.1p to 52.3p. Cash wirebar Feb. 1973, 52.1p to 52.3p. Cash wirebar Mar. 1973, 52.1p to 52.3p. Cash wirebar Apr. 1973, 52.1p to 52.3p. Cash wirebar May 1973, 52.1p to 52.3p. Cash wirebar Jun. 1973, 52.1p to 52.3p. Cash wirebar Jul. 1973, 52.1p to 52.3p. Cash wirebar Aug. 1973, 52.1p to 52.3p. Cash wirebar Sep. 1973, 52.1p to 52.3p. 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American News

Spain to resume trade with Cuba

By Our Own Correspondent

MADRID, Oct. 28. SPAIN will resume exports to Cuba of transport equipment, machinery and other products against the almost immediate renewal of Cuban shipments of tobacco, sugar and coffee. This was learnt here after the return from Cuba of a Spanish mission headed by the director-general of the Spanish Foreign Ministry's Economic Relations Bureau, Señor Robles Pliego.

Broken off

Trade between the two countries was practically broken off four months ago when a Cuban mission left Madrid suddenly because, reportedly, the Spaniards had asked for an early settlement of Cuba's \$31.23m. trade debt with Spain, a \$300m. indemnification of Spanish property confiscated by the Cuban government and the release of Spaniards still languishing in Cuban detention camps. The Cubans, soon after, stopped all shipments of tobacco to the Canary Islands, those Spanish cigar manufacturers depend in large part upon them.

McNamara's population estimates

By Our Own Correspondent

UNITED NATIONS, Oct. 28. MR. ROBERT McNAMARA, President of the World Bank, said today that world population must be expected to increase to 8,000m. from the present estimated 2,600m. before its growth rate was turned around to acceptable levels. He told the U.N. Economic and Social Council there was urgent need for reshaped development programmes to meet the fact that population would continue to rise for some time yet.

TITO: A WARM U.S. WELCOME

WASHINGTON, Oct. 28. President Nixon today welcomed Yugoslavia's President Tito to the White House for talks on international problems, hailing his guest as "a world statesman of the first rank."

Brazil in no hurry to restore rights

By Hugh O'Shaughnessy

BRASILIA, Oct. 28. HERE SHOULD be no undue hurry to restore full political rights and the right of habeas corpus, said Deputy Baptista Lima, president of Arena, the government party in an interview here. He added, however, that he had confidence in President Emílio Garrastazú Médici's promise of some normalisation of political activity in the country before the end of his presidential term in 1973.

London Merchants Securities in NY planning dispute

By Nicholas Colchester

NEW YORK, Oct. 28.

LONDON Merchants Securities, the British investment company headed by Sir Max Rayne, has found its New York real estate plans embroiled in the political wrangles over housing and property development in this city. The Rent and Housing Maintenance Commission yesterday refused to allow the company to evict tenants from a mid-town apartment building in order to erect an office building on the site.

The decision appeared to break new ground in the interpretation of the New York real estate regulations. The Commission, Mr. Benjamin Altman, said that he was refusing LMS permission because the company had offered no proof that a substantial number of tenants would move into the office block when it was completed.

To tear down an apartment block a developer has to give evidence in good faith that the construction will follow the demolition. But this is the first case where the developer is being required, in effect, to justify an office project by showing that there is a market for the space that he hopes to create.

In a news conference announcing his stand, the Commissioner drew attention to the current oversupply of office space, and added that "to tear down structurally sound housing to satisfy a wealthy sponsor's office space" by building a useless

monument to himself would be unconscionable."

The building in question is a block of flats at 101 West 55th Street, a blue chip area of New York. The London company wants to put up a 38-floor office block on the site. Its plans have come at a time when the protection of tenants against landlords is a hot political issue with State Senators willing to champion the cause of apartment dwellers in just this type of situation.

London Merchants Securities will now have to take the matter to court. The New York representative of the company has said that it will challenge the ruling and file damages alleging that this delay would cost the company \$400,000.

The lawyer for the company appeared at yesterday's Press conference and became involved in an exchange with the Commissioner claiming that he was setting beyond his legal powers the Commission's decision to push through a political ploy on behalf of a popular issue. Mr. Altman replied that his decision was not only right but legal maintaining that with the current ratio of office to residential space in New York, a developer could not claim the right to be "economically perverse," and build an office block only to keep it vacant.

London Merchants Securities' best known development in New York is the General Motors building on Fifth Avenue.

Cuba attends Group of 77 meeting in Lima

By Jo Beresford

LIMA, Oct. 28.

FOR THE first time Cuba is attending the meeting of the Group of 77 to be formally opened here today by the Peruvian President, General Juan Velasco Alvarado.

As a result of diplomatic initiatives in the past few months by Peru, Cuba becomes the 95th country to join the economic bloc of developing countries from America, Asia and Africa. The meeting, the second of its kind, is being held to establish a common front of the developing countries to bargain with the developed countries at next April's UNCTAD meeting in Santiago, Chile.

The first meeting of the Group of 77, held in Algeria in 1963, established broad lines of agreement between the participating countries but failed to spell out any specific details. The present meeting, however, opens against the background of President Nixon's recent economic measures and the subsequent meeting of the Group of Ten. Discussion at the conference, which continues until November 6, is expected to centre on this topic.

Already the countries of each continent have held a series of meetings to try to simplify discussion. The Latin Americans, in fact, yesterday concluded the 12th meeting of the Special Commission for Latin American Co-ordination (CECLA) by signing the Agreement of Lima. The nine point agreement which establishes lines for discussion includes the effect of the developed world's balance of payments problem on the developing world.

The Cuban delegation headed

by the Foreign Minister Raul Roa arrived yesterday from Havana and was met on arrival by the Peruvian Foreign Minister, General Edgardo Mercado Jarrín. Of the 35 delegations in Lima, the Cuban delegation is headed by Ministers. Only Mexico of the principal Latin American countries has not sent a Minister as head of delegation. Among observers in attendance is the President of the UN General Assembly, Adam Malik.

El Salvador Minister for Peking

MEXICO CITY, Oct. 28.

EL SALVADOR Foreign Minister Walter Benítez has unexpectedly set off for China just two days after his government opposed the Albanian-sponsored resolution on China in the UN General Assembly.

The Salvadorean decision to seek commercial and possibly diplomatic relations with Peking reflects a new determination by Mexico and Central America to reduce their economic and political dependence on the U.S. Earlier this week, a Mexican trade delegation ended a 20-day trip to China, attending the Canton Trade Fair and seeking new markets for Mexican exports. In recent months, a Guatemalan trade delegation has also toured Eastern Europe, while Costa Rica has concluded a trade agreement with Russia.

The Cuban delegation headed

Montreal paper closes

MONTREAL, Oct. 28.

THE Montreal newspaper, La Presse, Canada's largest circulation French-language daily, suspended publication indefinitely last night after a three-month dispute with employees over wages and redundancy pay.

Some 350 stenographers, printing press workers, photo-engravers and mailroom staff have been involved in a lockout by La Presse since July 19. The men declared a strike yesterday and asked 600 other workers not to cross their picket lines.

M. Pierre Danareault, president and editor of La Presse, said in a statement the newspaper faced with "a wave of violence" and had no choice but to close.

He listed nine reasons for the shut-down including damage to

delivery trucks and to the homes of management personnel, interference with delivery, bomb scares at the newspaper's offices and threats and personal assault on La Presse employees.

La Presse had a daily circulation of about 225,000. The suspension comes during the same week as the final publication of the Toronto Telegram, another major Canadian daily newspaper, which will close down on Saturday because of recurring financial losses. And in Quebec City the Quebec Chronicle-Telegraph, the city's only English language daily, suspended publication yesterday after typographers walked out in back wage demands in a contract dispute.

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IMF TROUBLES

Squeezed by pressures on the dollar

By Paul Lewis, U.S. Editor

"NEITHER a borrower nor a lender be" might not seem an ideal motto for the International Monetary Fund, which is in business to help those with payment troubles. But it has become a fairly accurate description of the Fund's activities since the dollar crisis broke. At the annual meeting in September, a number of finance ministers made passing allusion to the difficulties the organisation faced. But then, as now, attention was focused on more spectacular issues and little heed taken of the curious position the world's biggest bank finds itself in as a result of the dollar's troubles.

In broad terms, the IMF has discovered that its range of activities is being greatly reduced by the pressure on the dollar. In the first place, it faces considerable difficulty in accepting repayment of loans. It has already made and has had to limit the volume to the amount of credit other countries ask it for. At the same time, the list of currencies in which it can do any business at all has shrunk and stands today at no more than three—the Canadian dollar, the D-Mark and the French franc.

Both these aspects of its dilemma spring directly from the weakness of the dollar and are closely interconnected. The story began in June this year when, to unwind its mounting swap debts with Holland and Belgium, the U.S. was obliged to buy some \$250m. worth of their currencies from the fund. This pushed the Fund's holdings of dollars above 75 per cent of its assets and meant that the Fund was automatically barred by its own rules from accepting any further dollars in repayment or carrying out its usual task of re-lending them evenly around the credit countries.

Theoretically, it might still have been possible for a country wishing to repay debt to have bought up more acceptable currencies on the market place and presented these to the Fund instead. But this would either have forced someone else to take in dollars of uncertain value or allowed their currency to appreciate. In either case, action of this kind would be against all the normal canons of central bank behaviour.

The only practical answer was for the fund to keep supplying the currency needed for repayment but through a "turnstile" operation that did not add to anyone's dollar holdings. The system is quite simple: a country in payments difficulties draws hard currencies from the Fund but then resells them to another country wishing to repay Fund debt for dollars. The repaying country presents the currency to the Fund in exchange for its own currency deposited there at the time of its original drawing.

In this way the Fund's net holdings of dollars are not changed; or to put it the more usual way round, the strong currency countries preserve the gold-backed creditor position they have built up with the Fund by having their currencies used for drawings and are not asked to exchange these for dollars that are no longer convertible into gold and whose true value is unclear. But while there is thus no accumulation of depreciating assets, the Fund can only accept repayments to the extent that it can find a would-be borrower.

Normally Fund transactions are carried out within the official parity limits. But when the Germans and the Dutch decided to float after the May crisis earlier in the year, it was agreed that the Fund could buy and sell their currencies at the actual market rate whatever this might be, just as it was doing already with the Canadian dollar. Although the theory this could be extended to any currency, in practice it has had the unexpected result of leaving these as the only major currencies in which the Fund can deal to-day when almost all of its members are floating.

To be accurate, the French

franc was unaffected by President Nixon's August 15 announcement since the Government decided to maintain the old parity for official transactions. The Mexican peso is in a similar position, although its usefulness is more limited. However, the Dutch have since asked privately that the Guilder should not be used at all for Fund purposes. This seems to reflect their view that the Dollar was technically devalued when the convertibility was ended and the Fund should now fix a new gold value on its own authority, regardless of the views of the Congress or the Administration.

Although the Dutch position appears reasonably sound in legal terms and, indeed, offers an ingenious way of bypassing domestic American objections to an increase in the dollar price of gold, it has not received much support in the Executive Board so far. This is because most major countries are primarily concerned with getting the surcharge lifted and feel in no hurry to provoke the U.S. on technical points of Fund law while the negotiations are still in a delicate stage.

Moreover, it cannot yet be said that the Fund's operations are actually suffering from the strange new limitations placed on them by the dollar crisis. During the first month following the August 15 announcement, for example, it advanced loans totalling about \$100m. which though low by the standards of 1968 and 1969 are still reasonable for a period of abundant liquidity. More important, perhaps, this permitted all repayment maturities to be met.

However, this was due in part to the heavy British and French anticipatory repayments earlier in the year. As these also played their part in pushing the U.S. above its 75 per cent currency ceiling with the Fund, they were one too popular in Washington and may help account for the rumours of a certain coolness in monetary relations on the eve of the August declaration. But

relied on a U.S. deficit for a significant proportion of the world's liquidity needs. And this means that some form of convertibility will have to be restored for the dollar, even though it may be limited by the likelihood that the dollar will remain at least the principal intervention currency for the foreseeable future.

One obvious problem is to reconcile the desire of the Europeans to retain a monetary role for gold with the reluctance of the Americans to extend convertibility beyond paper assets. A possible compromise might lie in the Bernstein idea of settling deficits in a mixture of all assets. But it is also on the cards that a switch over to an SDR based system would be accompanied by a massive distribution of the new units that would have much the same effect as a rise in gold price in increasing confidence in the dollar.

In this connection, the fund's support for a small gold price increase as part of new parity realignment seems less from any innate wish to keep the precious metal as the ultimate benchmark than from its belief that the value of the Special Drawing Right (which is linked to gold) must be protected if it is to play the expanded role in the future that many hope. There is, after all, no reason why the new basis of the system should be derailed still because the dollar has become overvalued.

Not suffering

Morever, it cannot yet be said that the Fund's operations are actually suffering from the strange new limitations placed on them by the dollar crisis. During the first month following the August 15 announcement, for example, it advanced loans totalling about \$100m. which though low by the standards of 1968 and 1969 are still reasonable for a period of abundant liquidity. More important, perhaps, this permitted all repayment maturities to be met.

However, this was due in part to the heavy British and French anticipatory repayments earlier in the year. As these also played their part in pushing the U.S. above its 75 per cent currency ceiling with the Fund, they were one too popular in Washington and may help account for the rumours of a certain coolness in monetary relations on the eve of the August declaration. But

believed, the U.S. would now be ready to abandon the privilege of running the world's major reserve currency in exchange for an SDR-based system that would give it the same freedom as others to change its exchange rate and make new reserve creation a matter for international decision. On a long-term view there are some who remain sceptical about the change of heart, fearing that the U.S. will find it difficult to give up the convenience of being able to run a deficit.

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Export News

Quick off the mark in Calais

THE Calais Chamber of Commerce has been quick off the mark to embrace Britain into the EEC. It has sent invitations to 2,000 U.K. exporting companies on a formal card reading: The Calais Chamber of Commerce and Economic Development Committee on the occasion of Britain's decision to join the Common Market cordially invite (company name) to consider establishing a base on the European mainland.

In clover

A NEW market has been breached by Hunters of Chester with a shipment of 50 kilos of certified Aberystwyth S 100 white clover seed to Lima, Peru. Although this initial order is not large, the seed is being used for experimental purposes and, if it compares favourably with other varieties under test, could lead to quite a lucrative new market, says the company's managing director, Mr. Peter J. P. Hunter.

DEALING WITH EASTERN EUROPE—ROMANIA

Learning to profit from barter

ROMANIA does not encourage the import of consumer and luxury goods. It refrains from allocating foreign currency for the purchase. There is, however, a potential market, provided export possibilities are investigated from a special angle. It is also important, when putting forward financial proposals related to a quotation to submit also any other financial facilities available.

These two points relate to a special and very important element in Eastern trade, as barter. For countries generally short of foreign currency this is a very convenient way to reduce cash payments.

As very little or no allocation is likely to be available for the importation of consumer or luxury goods, there is the need to generate this currency. The British exporter submits his quotation; prices, delivery terms and all other contractual conditions are negotiated and agreed upon. In parallel with these negotiations the British exporter agrees to buy, himself, or through third parties, items offered by the Romanian importer at agreed prices and delivery terms. The timing of the purchases on the two related contracts is an important matter, but depends on negotiations.

The result of the operation is that by buying from the Romanian importer a quantity of goods, and paying for them in sterling, the British exporter has made available to the Romanian importer the amount necessary to pay for the British goods.

Some of the facts which have

In his final article Gabriel Filderman accuses British companies of an instinctive distrust of barter without examining its possibilities, and argues the advantages to be gained from linking with Romanian concerns to establish manufacturing plants in Eastern Europe.

to be very carefully considered are goods offered in barter; prices of each item; period during which the goods have to be purchased; right to purchase through third parties.

Before entering into a barter agreement, it is important to agree on the items which one is prepared to purchase, to ensure that a market can be found for them. Even among basically saleable goods some can be disposed of readily, but some may have to be held in stock for some considerable time, entailing additional costs.

For this reason it is important to determine very clearly the price of each item, whether it is a fixed price, or whether it will be determined on the day of actual purchase, according to the world prices prevailing at that time.

As a barter contract is generally tied to a supply contract, under which the Romanian importer must pay certain agreed amounts of foreign currency to the British exporter on set dates, in most cases such a contract provides a purchase schedule according to which the British supplier must buy and pay the

Romanian party certain proportion of goods. These dates must be clearly defined, to avoid paying the penalties which are usually embodied in such contracts.

In this connection it is important to provide for a release from one's obligations under such a contract in cases in which the Romanian party cannot supply the goods agreed upon or cannot supply them at the prices specified in the contract.

Finally, it is important to provide for the right to purchase direct or through third parties. This clause provides for the case of a company wishing to sell, being offered a contract with a payment partly in barter, but either not being interested in purchasing the goods offered, or simply not being geared for such an operation. The clause enables an exporter finding himself in this situation to contact a specialised organisation and to operate through them.

Much has been written against barter, and it is not intended to make a case for or against it. Nonetheless the reality is that it exists and that one has to accept it to have a chance to be successful when trading not only

with Romania but with the rest of Eastern Europe and many underdeveloped countries. Regrettably this reality has not yet been fully appreciated in this country, and this is one of the main reasons for Germany and Japan's ever increasing success in these areas.

It is of the greatest importance that British companies should show much more elasticity in this field. There is a very large fund of goodwill for this country in Eastern Europe generally, but much is wasted away by rigid trading methods.

No study, however cursory of trading possibilities with Romania, can ignore a relatively recent development, namely the encouragement given to the formation of joint companies. This means that any foreign manufacturer can form a joint company in Romania, with 51 per cent Romanian participation. The foreign partner is guaranteed the right by law to repatriate his share of profits, in foreign currency, at the end of each year or as agreed, and of his share of the capital, when the association is coming to an end, either by agreed termination of the association, or as a result of it being dissolved following a dispute.

The contract of association depends on negotiation between the parties involved, so long as it does not infringe any existing laws. Naturally this presentation of the facts is a clear over simplification. There will be many difficulties to be overcome until such a joint company is formed, because it would be a complete new departure, for which there is no precedent.

However, the possibilities which are being opened are tremendous and by far outweigh the potential drawbacks. The important thing is to forget a series of prejudices and to consider the proposal just as one would consider a similar proposal from any other country in the world. The advantages are:

1. Low cost of labour and production
2. Low cost of raw materials
3. No risk of labour disputes
4. A central geographical position greatly reducing transport costs for most European and middle Eastern markets
5. Special relationship with several important markets.

All this boils down to the fact that certain goods would be produced more cheaply and without interruption, and could reach more easily certain markets in which the U.K. is handicapped by high production costs combined with high freight charges.

It was stated above that U.K. business must become more elastic, look for new opportunities, and take them when they appear. British companies should take a good look at this chance, lest others grab first, only for this country to see an even larger share of its world trade being eroded by the appearance in its traditional markets of various Cernus, Japanese, French and Italian goods "made in Romania."

Autocars sees solution to financial problems

BY OUR OWN CORRESPONDENT

THE director of Autocars the Israeli car and commercial vehicle concern in which British Leyland is a major partner, has said that a solution to the company's financial problems is in sight.

The UK partner, local banks and local investors were expected to agree to additional investments in the company, said Mr. Yitzhak Shubinsky.

Although he did not disclose the total sum involved, he added that he hoped to get a loan equivalent to \$400,000 from the banks. The company has been suffering from a shortage of working capital exacerbated by the devaluation of the Israeli pound. This put up import costs by more than 20 per cent.

The Leyland Ashdod plant which imports bus and truck chassis from the UK has an order for 1,000 bus chassis for the interurban bus co-operative Egged, but with the Leyland monopoly due to expire soon Egged has asked the Government to approve an order for 50 Daf buses.

The current state of Autocars will be considered by the Knesset Economic Committee with the participation of the directors-general of the Ministries of Transport, Commerce and Industry.

Members of the mission will visit 31 companies throughout Britain. British exports to Romania in the past two years have been running at about £29m.

Sponsored by the Food Machinery Association, the 12-man mission will be led by Mr. Virgil Actarian who, as first vice-president of the State Planning Committee, Department for Technical and Material Supply, is responsible for Romania's overall economic planning. It is being organised by the British National Export Council.

The mission is a co-operative effort between the two countries. By investing in the latest packaging machinery and techniques available in Britain, the Romanians hope to improve the standard of packaging and marketing potential of their exports to the West.

Through the British Embassy in Bucharest, arrangements have been made for the mission to visit the Romanian "centrals" responsible for the production of machine tools, lorries and tractors, automobiles and chemical equipment.

Each central will assemble audiences of top management, technical and production people and one-half of the mission will lecture and enter into discussion on such subjects like plant for the manufacture of laminated springs, automotive filtration, automotive braking systems and electrical equipment and heat treatment.

The other half will be concerned with machine tools, advanced grinding processes, pneumatic circuit design, the uses of industrial valves and actuators and similar subjects. The mission will be led by Mr. S. A. Cautel, group marketing manager of Serck with Mr. A. J. Cox manager of the Chamber's

EXPORT PROMOTION

Technicians to spearhead Romanian sales drive

BY DAVID CURRY, EXPORTS EDITOR

A BIRMINGHAM Chamber of Commerce and Industry mission which leaves Britain on Saturday for Romania represents a completely new development in the Chamber's mission activity.

Designated—Romanian Technical Mission—it consists of a group of technically qualified members who are able to lecture on specialised subjects together with export executives experienced in trade with Eastern Europe.

On a "pathfinder" visit to Bucharest last year, the Chamber learned that the Romanians were interested in technical discussions on manufacturing processes and products in the numerically controlled machine tool and automobile industries and would be prepared to receive visits from experts in these fields.

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overseas division as mission secretary. Mr. Guel commented: "This is the first time the Romanian ministries have agreed to receive a technical group of this type and we believe that by taking the long-term view and making contact first on a technical level, with the export salesman not far in the background, the U.K. will be assured of its place in this market with Midlands industry well to the fore."

A high-level buying mission from Romania is to visit Britain from October 30 to November 13, to study modern developments in the packaging industry.

Sponsored by the Food Machinery Association, the 12-man mission will be led by Mr. Virgil Actarian who, as first vice-president of the State Planning Committee, Department for Technical and Material Supply, is responsible for Romania's overall economic planning. It is being organised by the British National Export Council.

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Property Real Estate L'Immobilier Grundeigentum Onroerend Goed

No matter what the language, property is an increasingly expensive asset that must be utilised to the full. As business becomes more international so the demand for commercial real estate in key world markets increases.

But do you know the property laws in the Common Market countries? Are you aware of office rents in South Africa? Do you know how to carry out a development in Australia? How can you keep informed

on the property market in all the countries you trade in?

This is where the international property consultant comes in. He knows each country's property laws. He should do—he is there already. He knows local site values and rents and how to begin to look for land or the offices you require.

Valuation, development, management, agency services—all the advice you're used to here, but available on the spot.

RICHARD ELLIS & SON

CHARTERED SURVEYORS

64 Cornhill, London EC3V 3PS

Telephone Number 01-283 3090

England, Scotland, Belgium, France, Australia and South Africa

Shearson, Hammill & Co. reports:

\$8,000,000,000 of security transactions completed
\$600,000,000 of security issues underwritten
\$245,000,000 of total assets
\$91,000,000 of revenues
\$37,000,000 of total capital on September 30, 1971

Annual Report for Year Ended June 30, 1971

Summary of Balance Sheet at June 30th, 1971 (Unaudited)

Assets		Liabilities	
Cash	\$ 6,273,000	Money borrowed	\$ 61,980,000
Receivable	186,753,000	Payable to customers	120,110,000
Securities, owned & other	42,475,000	Other	29,327,000
Total current assets	235,501,000	Total current liabilities	211,417,000
Other assets	9,358,000	Capital	33,442,000
Total assets	\$ 244,859,000	Total liabilities	\$ 244,859,000

Shearson, Hammill & Co. Incorporated, founded in 1902, ranks among the ten largest US security firms with 1,100 investment executives in 64 offices serving more than 100,000 active clients throughout the world.

Research

Shearson emphasizes securities research supporting a staff of 30 professional analysts with a budget of more than \$1,500,000. Individuals and institutions have entrusted almost \$200,000,000 to the investment management services of Shearson.

New Issues

Shearson is among the top US investment banking firms in terms of the dollar value of equity offerings managed. In the first nine months of 1971, Shearson has managed 20 public offerings of equity issues.

Operations

Shearson employs approximately 750 persons to process customers' orders and maintain appropriate records of their accounts.

Shearson was among the first to apply computerised technology to the brokerage industry in the early sixties. The firm's two CDC 3300's are capable of handling four times present volume.

Shearson customers have \$1,500,000,000 of their securities in its safekeeping.

Robert van Tuyt, Chairman Alger B. Chapman Jr., President

International—25 Years

Shearson was one of the first New York stock exchange member firms to establish a full service branch in Europe, in Basel in 1946.

An International Division has been established with responsibility for all brokerage operations outside North America. This Division is headed by Warren K. McOmber, First Vice President, and is backed by a New York staff of research and operation specialists whose duty it is to support the international branch offices with the full range of Shearson services available from its headquarters at 14 Wall Street.

All international offices receive research and other information simultaneously with US branch offices. International division offices are located in Basel, Frankfurt, Milan (Agency), Lausanne and London.

International Banking

US and International companies are assisted in obtaining capital through public offerings and private placements at the most favourable terms in all markets outside the United States. Under the direction of Michael Palmer, First Vice President, this London-based operation is also active in arranging international mergers, direct investments (venture capital) and providing financial advice to corporations.

A giveaway doesn't have to be a throwaway.

For example, the Parker International Ball Pen, a stainless steel model which is completely new to this country, should last at least a quarter of a century. We put your company's name or symbol on it, for you to give to your clients.

It costs £2-65, including the

presentation box, and there is a quantity discount on orders over 50.

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European News

Four nation union plan to approach Ford

By Our Own Correspondent

GENEVA, Oct. 28. A DIRECT union approach to Ford's European headquarters in Weybridge, Essex, to explore the company's long-term investment plan has been suggested here by the automotive section of the International Metal Workers' Federation. The proposal is still being considered by the main unions involved, IG Metall in Germany, the United Auto Workers in the U.S. and the CGVU and AUEW in Britain.

These unions have shown concern over Ford's long-term policies regarding pensions, sick-pay, holidays, and fatigue allowances for tedious jobs, and the intention is to seek multinational uniformity on these issues. Mr. Moss Evans, secretary of the Federation of Automotive General Workers' Union, gave as an example the common track system assembly arrangements of Ford in several countries which, in the union view, should logically lead to a uniform fatigue allowance.

Fears were expressed that major policy decisions concerning Europe were reached in the U.S. without due consideration for their social consequences.

Convention against pirate records

By Our Own Correspondent

GENEVA, Oct. 28. AT LEAST 12 countries, including Britain and the U.S., are expected this week to sign a new international convention to protect producers of records and cassettes from the unauthorised duplication and sale of their products by pirates.

The convention has been approved by an international diplomatic conference convened here by the World Intellectual Property Organisation and UNESCO. Contracting States will undertake to protect producers from the manufacture, importation and distribution of duplicate records for public sale.

French cut discount rate by a quarter per cent

BY ADRIAN DICKS

PARIS, Oct. 28.

THE FRENCH Central Bank discount rate was cut to-day from 6½ to 6 per cent, while the rate for loans against securities was also cut by a similar amount to 8 per cent. The new rates still leave France well at the top of the league table of interest rates among industrialised countries, and the new discount rate is still 1½ per cent. above ruling British Bank Rate.

First reactions in banking circles here were that the slight cut would make little difference to the high cost of borrowing. However, if some bankers are right in believing that further gradual cuts will follow in the next few weeks or months, the French authorities may be nearer a decision to allow a period of relaxation in the early months of next year.

The main impact of to-day's minor changes is expected to be felt at the technical level in rate for commercial paper and possibly to some extent in export finance. Banks under the new structure of interest rates introduced earlier this year by the Governor of the Banque de France, M. Olivier Wormser, are no longer bound strictly to the official discount rate for the rates they themselves charge to ordinary borrowers.

In recent months, moreover, they have been complaining loudly about the steady increases in compulsory reserve levels

introduced by the French authorities as part of their defensive action against revaluation pressures on the franc. If these complaints are half-way true, the banks will not be in any hurry to make borrowing cheaper now.

Motor vehicles

AP-Dow Jones reports: French motor vehicle production in September amounted to 283,423 units, up from 18,785 units in August and 250,251 units a year earlier, the French Motor Industry Association said.

Production in the first nine months rose to 2,150,252 units, including 1,826,935 private cars, from 1,972,445 and 1,761,706 units, respectively, in the same 1970 period.

Exports in September amounted to 150,123 units, up from 32,666 units in August, and 130,506 units a year earlier. Of the total, private cars accounted for 134,778 units, up from 30,226 units in August, and 119,444 units a year earlier.

Exports in the first nine months amounted to 1,190,747 units, including 1,035,368 private cars, up from 1,108,080 and 1,014,643 units, respectively, a year earlier.

Imports in August amounted to 18,738 units, down from 23,796 units in July, but up from 12,300 units a year earlier. Of the total, private cars accounted for 15,437 units, down from 23,361 units in July, but up from 10,936 units in August 1970. Import figures for September are not available.

First eight-month imports amounted to 250,807 units, including 223,681 private cars, up from 207,798 and 188,189 units respectively a year earlier.

New car registrations during the first nine months totalled 1,215,397 units, up from 1,080,521 units in the like 1970 period. Of the total, private cars accounted for 1,053,829 units, up from 928,377 units.

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THE SWISS ECONOMY

Foreign labour cuts hurt

BY NORRIS WILLATT

THE SWISS policy of severely limiting the number of foreign workers is not without cost to the country. Industry is caught in a really tight labour squeeze now. That, at least in part, explains the stagnation of industrial production. In time, the impact may be offset by investment in labour-saving equipment, and even by shifting abroad certain production processes. For the present, however, the strait-jacket is tight.

The index of industrial production for the second quarter of 1971, according to the Swiss Federal Office of Statistics, was provisionally calculated at 147 (1965=100), exactly the same figure as for the corresponding period of 1970. The levelling off is not uniform throughout all Swiss industry. In some branches, output still is on the rise, notably in building materials, a direct reflection of the construction boom, which, however, the authorities now are moving to dampen down; this industry showed a 4 per cent. year-to-year increase.

For gas

The important chemical and pharmaceutical and metallurgical industries showed modest gains of 3 and 2 per cent, respectively. In equally important industries such as textiles and machinery, the increase was a mere 1 per cent.

Meanwhile, the overall index was dragged down by actual declines in other basic sectors of the economy: of 1 per cent. for the clothing industry, for example; 2 per cent. for wood; 4 per cent. for gas and electrical generation; 7 per cent. in the key watch industry; and a whopping 14 per cent. for paper.

IN BRIEF

● VIENNA: Negotiations began yesterday with a Soviet delegation to increase annual deliveries of natural gas from 1,400 m. cubic metres to 3,000 m. cubic metres as from 1974. As under the last deal, Austria would supply large diameter steel pipes in exchange, which could reach a total of 120,000 tons. The two sides will also explore the possibility of building a branch line of the Soviet-Czechoslovak gas pipeline from Bratislava to Vienna.

● BUDAPEST: Hungary yesterday followed other East European states in switching in its trade with Austria from the dollar clearing basis to a multilateral payments system.

● MOSCOW: Soviet Communist Party leader Leonid Brezhnev will visit East Germany at the end of this month. Tass news agency reported.

● PARIS: French retail prices rose by one half per cent. in September, with food prices leading the way. The Finance Ministry announced. Food costs shot up by 0.7 per cent. from August, bringing the total increase in the cost of living so far this year to 4.6 per cent. For 1971 as a whole, the cost of living increase is expected to be about 6 per cent.

● MAYRID: Provisional figures of the Central Customs Bureau show exports in the first nine months of the year increased by 24.1 per cent. on the same period last year to \$2,078.9m, whereas imports increased by only about 3.7 per cent. to \$3,663.1m.

● BUDAPEST: The pharmaceutical industry will increase output 70 per cent. during 1971-75. Exports to Comecon will increase 35 per cent. and to the West 90 per cent. New licences and technology will be purchased mostly from Switzerland, Austria, the Soviet Union and West Germany.

The setback cannot be entirely blamed on the tightness of the labour market. Without question, Swiss industry has not been able to insulate itself from recessionary trends in the U.S. during the past year, which are now spreading to Europe and Japan. Moreover, the stagnation of the second quarter may in part be due to earlier stockpiling by customers anticipating price rises.

The shortage

None the less, to a far from negligible extent output in certain industries is being restricted by the tight regulations now governing the granting of work permits to foreigners. Even before the latest squeeze, executives of large engineering firms, such as Brown, Boveri and Sulzer Brothers would point out to the visitor empty work bays that were idle because there were no workers to man them. Even the big chemical and pharmaceutical firms, such as Ciba-Geigy, Hoffmann-La Roche, Sandoz, whose location in Basle at the frontier with West Germany and France have the advantage of being able to employ commuters from both countries, complain of a serious shortage of manpower.

The shortage is not going to be alleviated. The Swiss people have made it abundantly clear that with foreigners—chiefly Italians—making up 28 per cent. of the active population, they have stretched hospitality enough, even in their own self-interest. The Government under the strong prodding of xenophobic elements, whose cause is represented in Parliament by Herr James Schwarzenbach, is committed to a steady, progressive

reduction in the number of foreigners granted work permits. Furthermore, Swiss industry is equally committed to conformity with the regulations, as was reaffirmed recently at the annual conference of the Swiss Federation of Industry by its president, M. Etienne Junod. Industrialists, in fact, are pursuing other initiatives to solve their problem. They are, for example, committed to extensive outlays for rationalisation.

Work force

That is confirmed by figures on national investment. Thus, during the past ten years, of a total public and private investment of Sfrs.153,000m. (about £15,300m.), two-thirds was in buildings and one-third for plant and equipment. But in 1970 the ratio was three-fifths for buildings and two-fifths for plant and equipment, in a total outlay of Sfrs.25,500m. (about £2,550m.). Moreover, in 1970 spending on new buildings rose by only 7 per cent., compared with 8.2 per cent. in 1969. By contrast, outlay on plant and equipment last year was up by 12 per cent., compared with only 7.2 per cent. in 1969.

Some Swiss concerns have already shown notable gains in productivity. Adolph Saurer, of Arbon, manufacturer of gas turbines, textile machinery, vehicles, between 1966 and 1970 increased turnover at the factory there by 50 per cent. (from under £20m. to over £30m.), while the number of workers actually fell by 385, from 4,222 to 3,837. Sulzer Brothers, the highly diversified machinery firm, of Winterthur, over the same period increased its turnover by nearly 36 per cent. (from about £8m. to

about £10m.), with an increase in the work force of only 307, from 14,443 to 14,750. Workers have benefited from the productivity increase at both firms. Wages and fringe benefits during the period under review went up 35 per cent. at Saurer and 36 per cent. at Sulzer. Dividend payments rose by only 11 and 17 per cent. respectively.

The other principal development has been a trend towards shifting production from Switzerland to subsidiaries abroad where shortage of labour is not acute. Most of the big Swiss firms for many years have had large plants in foreign countries—in the case of Nestle, less than 3 per cent. of total turnover is generated by Swiss operations. The West German subsidiary of Brown Boveri is much larger than its Swiss parent in Basle.

At home However, this last company is now diverting some production both to the West German plant, and to its subsidiary in France, partly by reason of the labour squeeze at home. The same is true of the pharmaceutical giants. For example, about 60 per cent. of total investment by Ciba-Geigy last year was made outside Switzerland, including 20 per cent. in the U.S. and 11 per cent. in Great Britain.

Sandoz lately has been engaged in a programme of transferring the manufacturing of suitable products to Group centres abroad. This process seems certain to continue throughout the Swiss industry, which must be reckoned as an important potential investor of capital on the international scene over the coming years.

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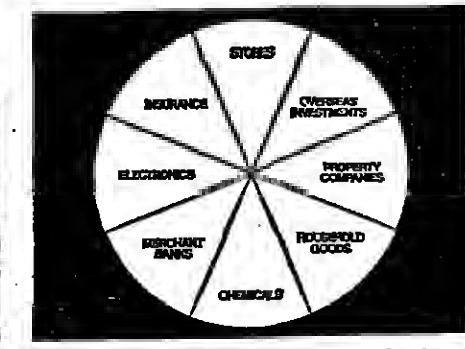
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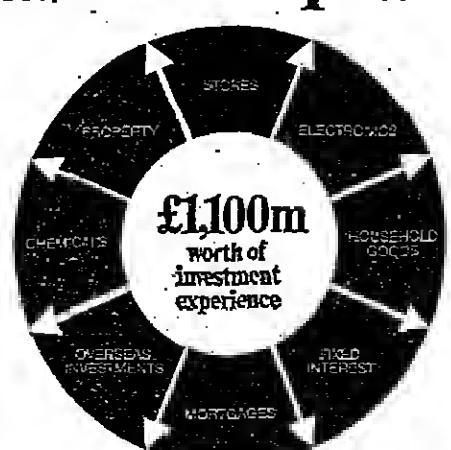
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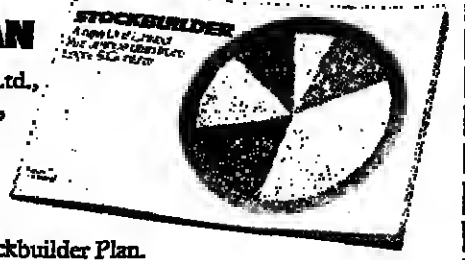
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BY OUR OWN CORRESPONDENT

CARDIFF, Oct. 28.

NEW developments in the Swansea Valley over the next three years are expected to result in 300 more jobs.

A Government advance factory of 35,000 square feet, which is to undergo extensive modernisation at Abercraze, has been allocated to Smith Industries, one of Britain's largest manufacturers of motor vehicle equipment, aviation and marine instruments, clocks, watches and control appliances.

The Abercraze plant will allow the transfer of a substantial part of the Kelvin Hughes machine shop from Essex to South Wales.

AEROSPACE

The TriStar project now firmly back in business

THE announcement of a \$19m. order by Court Line Aviation for two U.S. Lockheed TriStar airliners powered by Rolls-Royce RB-211 engines, together with an option on another three, is clear evidence that this aeroplane and its engines have at last escaped the doldrums of the past two few months, and are rapidly on their way back in world aviation.

The Court Line deal, involving aeroplanes specially designed inside with 400 seats for the "inclusive tour" market, is certain to touch off further orders from airlines that cannot be left behind in the rapidly expanding 'inclusive tour' holiday market. MICHAEL DONNE reports

With its financing problems all hopelessly behind it, Lockheed is pushing ahead with the development and production of the TriStar at an accelerating rate, with the target of certification for airline service next April 15. Immediately after that, the first two airlines to take delivery—Trans World and Eastern—are expected to start services, having already by then received one aircraft apiece at least to help them with crew training and route familiarisation.

Crew training in hand

This will be only five months behind the original deadline, despite all the events of the past few months. Already, some ground crew and air-crew training has begun at Lockheed's TriStar final assembly plant at Palmdale, in the Californian desert inland from Los Angeles.

All the statements now emerging from Lockheed and Rolls-Royce exude confidence. Those associated with the aircraft and the engine programmes are determined to put the events of the past nine months behind them, and to try to make a major success of the aircraft and its powerplant. Whether they will succeed depends entirely upon the degree of acceptance of the aircraft by the airlines over the years ahead. But Lockheed's salesmen are on the road in force. Despite the current financial difficulties of many of the world's airlines, there is no doubt that the settlement of the financial troubles of both Lockheed and Rolls-Royce (1971) has re-awakened interest in the TriStar/RB-211 combination.

Lockheed itself is now re-hiring labour. At the moment, 24,000 workers throughout the U.S. are directly employed on the TriStar programme, a total that is expected to rise to 30,000 during the first three months of 1972. Of these, some 12,500 are directly employed by the Lockheed California Company at Burbank and Palmdale, and this total includes more than 5,000 workers recalled out of the 9,200 TriStar employees laid off earlier this year when the programme was in its darkest days. In addition, over 1,500 suppliers and sub-contractors for the TriStar in 41 States now employ around 11,000 on the project, a

figure which is expected to grow to about 15,000 by next March. The fourth TriStar to fly made its maiden flight last Sunday, and a fifth aircraft is due to join the flight test programme before the end of this year. So far, flight time with the TriStar amounts to over 700 hours out of the total of 1,674 planned before certification of the airliner next April. The fourth aircraft's share will amount to 255 hours, mainly in testing the navigation, communication, and passenger-service systems. The flying hours have been kept up steadily, even under the pressures of recent months, which is why Lockheed can now accelerate it swiftly.

The plan is for formal demonstration flights for the Federal Aviation Administration to start soon, and for "type inspection authority" to be given by mid-November. This will clear the aeroplane for the full FAA flight tests leading to certification next spring. Certification for the U.K. market by the Air Registration Board is expected in early 1973.

In the meantime, TriStar testing, begun a year ago, has already covered evaluation of the handling qualities throughout the entire flight envelope up to heights of 42,000 feet and speeds of 680 m.p.h. On the ground, more than 11,000 simulated "flight cycles" have been completed in a fatigue test aircraft. This endurance testing will eventually include 36,000 such flights, equivalent to the lifetime of the aircraft in service.

In the meantime, quantity production of TriStars is also accelerating. Final assembly has already begun of the 18th aircraft at Palmdale, while fabrication of parts for production aircraft No. 37 has begun at Burbank.

Flat out on RB-211

As for the RB-211, development and production are going well. All the factories of the Rolls-Royce (1971) Derby Engine Division in England, Scotland and Northern Ireland are now working on the RB-211. In addition to their work on other engines, the Coventry factory of the Bristol Engine Division is also involved, while Short Brothers and Harland, of Belfast, is now accelerating its own programme of making pods and associated systems for the engines, prior to their shipment to California.

Altogether, in excess of 8,000 Rolls-Royce workers are now engaged on the RB-211, out of the Derby Engine Division's total work force of some 35,000 (which is some 6,000 less than when Rolls-Royce Ltd. collapsed last February). If Short's and other

sub-contractors are added in, it is probable that altogether well over 20,000 workers in this country are involved in some way or another with the engine programme.

On the development side, engines have been run on the test-bed at up to 45,000 lbs thrust, but engines now being delivered for certification flying will give 42,000 lbs of take-off thrust and provide the same performance as the engines which will enter airline service next April.

Comprehensive engine tests

Total engine flight time in the TriStar itself stands at over 2,100 hours. Current development is aimed at providing the reliability of the engine through extended endurance running and the testing of detailed improvements. Major tests that have been completed include those on the ingestion of water, birds and hailstones.

For the future, component development will be undertaken so that a 45,000 lbs. thrust engine could be built to enter service late in 1974. If a firm requirement is aimed at proving the TriStar that would use this kind of updated RB-211.

In the meantime, present production of the RB-211 is accelerating. On top of the deliveries now being made, over 85 per cent of the parts for the next batch of 14 RB-211s have been made: these engines will be delivered to Lockheed in February and March for installation in aircraft due to enter service from next April. Further ahead, 36 RB-211s planned for delivery to Lockheed between April and June 1972. Over 50 per cent of the parts for these engines have already been made.

So far as the TriStar order book is concerned, Lockheed remains confident of achieving its break-even target of 255-265 aircraft. Although Air Holdings of the U.K. recently rearranged its

financing of the 50 aircraft originally ordered, whereby it is now no longer making progress payments on the 39 aircraft out of that total still not firmly sold, this does not worry Lockheed, since it is convinced it can sell the balance of these overseas.

Air Canada, for example, has already taken an option on another nine aircraft (it already has ten on firm order), while Air Jamaica has an option on another one (it has one on firm order). This could cut the 39 to 29, if these options are converted to firm orders, while the Court Line deal for two firm and three on option could cut it further to 24; there are orders stood to be other deals pending in Europe alone.

At this stage, the possibility of an order from BEA cannot be discounted, but this airline is still a long way from any final decision and may not take one until around mid-1972. Nevertheless, a BEA order continues to be one of the main targets for the Lockheed salesmen.

Apart from BEA, Lockheed is making a big sales push in Europe, where it feels there is a market for at least 50 aircraft to be picked up among the "inclusive tour" operators. Apart from Court Line, British airlines which have been showing interest in the TriStar include Britannia Airways and Dan Air, as well as British Caledonian Airways, although the latter—with its sights now set on North Atlantic scheduled services—may well be more interested in the Boeing 747 Jumbo jet.

Several inclusive tour airlines interested in wide-bodied jet airliners, following the success this summer of Condor Flugdienst, the West German charter line, in flying a Boeing 747 down to Mallorca in a high-density seating arrangement. The coming trend in Europe in inclusive tour work now seems to be towards the big, high-density aeroplane, and no inclusive tour operator can afford to ignore it, especially after Condor's action. Court Line's orders, and the plans of some tour organisers to use Jumbo jets this winter.

Extended range versions

McDonnell Douglas has been concentrating more on selling its extended range version of the TriStar's rival, the DC-10 Series 30, and so Lockheed, which has been behind in that particular field (its own plans for an extended range TriStar are still not finalised), is concentrating on the inclusive tour market with the aeroplane it has, modified to include built-in air stairs (for ease of unloading at foreign airports without sophisticated equipment) and high-density seating.

It may well pick up many orders over the next few months. If not weeks, and by the time the first TriStar enters service next April its future could be much brighter than for a long time past.

NUT upset by threat to sever university link

By Michael Dixon

THE 262,000-strong National Union of Teachers last night declared it would not co-operate in any scheme to sever links between universities and the teacher-training colleges.

Reacting to rumours that such a scheme will be recommended by the James Committee on teacher training, Mr. Edward Britton, the NUT general secretary, said last night that a special meeting of teachers and other educational organisations was being arranged for November 9.

The rumoured scheme would get no co-operation from the teaching profession, he declared in London. If attempts were made to sever the university-college links, the NUT might have to consider sanctions.

Gains tax on Crabtree shares deal

In the report, Lords Uphold £55,000 Gains Tax on Crabtree Shares Sale, published yesterday, it was stated that the House of Lords had upheld a ruling of the Appeal Court that Mr. Peter Neville Crabtree, of Lane End, Boston Spa, Yorks, must pay £55,000 capital gains tax on the sale of shares in R. W. Crabtree and Sons.

In fact, Mr. Crabtree has to pay tax on capital gains which have been assessed at £55,000. The error arose over a misunderstanding of the phrase "assessed" to capital gains tax in the sum of £55,000.

SPECIAL STAMP FOR QUEEN

The Queen's silver wedding anniversary is to be marked with a special stamp issue in November next year.

It is one of six special issues in 1972, announced yesterday by the Post Office.

Christmas stamps will be issued in October.

Burndene Investments Limited

EARNINGS SUBSTANTIALLY INCREASED DESPITE RISING COSTS

Mr. D. T. C. Caldwell on Encouraging Start to Current Year

The Annual General Meeting of Burndene Investments Limited was held on October 28 in Edinburgh. Mr. D. T. C. Caldwell (the Chairman) presiding.

The following is an extract from his report circulated to shareholders:

The net Group profit before taxation of £326,484 for the year ended 31st May, 1971 reflects a substantial increase over the profit for the previous year of £224,010 and is a record for your Company.

COMPETITIVE POSITION

Industrial costs have risen rapidly in the past year. Sentiment has now improved in many sectors, but this is largely based on the view that there will be some expansion in the economy, and that there has been a reduction in the rate of increase in costs. Even the reduced rate of increase remains much too high. This erosion of our competitive position in world markets against others whose costs are rising less quickly than ours, will result in a loss of exports for this country. The significance of this trend for your Company will be appreciated in that we export 52.9% of all caravans manufactured by the Willerby and Robin caravan subsidiaries. The caravan manufacturing and mobile home division produced profits of £189,580 representing a satisfactory increase over the previous year (£160,914). We have a healthy order book at the present time but we should be aware that the competitive strength of manufacturers based in the European countries, to which we export our caravans, is increased as our costs rise more rapidly than theirs. We endeavour to improve design and increase productive efficiency in order to maintain our position.

CONTINUING PRESSURE ON MARGINS

The textile industry has suffered severely from higher wages and other costs while lower prices have been obtained for its manufactures. These pressures continue.

The fact that turnover of our nylon garment manufacturing division increased by 49.1% while profits rose by only 3.7% to £202,791 bears eloquent testimony to the conditions under which we have operated.

AIRGUARD REORGANISATION

Airguard has now re-organised its manufacturing unit which will result in lower production costs. It is anticipated that the benefits of these arrangements will be reflected in the current year's trading.

FINANCIAL STRENGTH

Our permanent investment in the expansion of our business over the past few years has been largely financed by Bank borrowing. These borrowings have reached a level which was too high in relation to our net tangible assets. The funds raised by the successful Rights Issue in June 1971 restored our basic strength, and flexibility to our planning for the development of our business.

HIGHER TURNOVER

It is too early to make a forecast for the current year. In the nylon garment manufacturing division the year has commenced with lower prices being obtained for our products than the average received in the previous year. We hope that we shall be able to combat this by further increasing our output and by improving efficiency. Sales figures for the first four months are a little higher than in the same period last year. We held our annual caravan trade show recently at which the new season's models were made available. Our products were well received and we have a good forward order position. Sales in the caravan manufacturing division have also reached a higher level than in the disappointing first quarter of the previous year. We shall strive to increase the competitive strength of all our products and on an analysis of the progress which we have already made the position is encouraging.

The report and accounts were adopted.

FIVE-YEAR FINANCIAL RECORD

	1971	1970	1969	1968	1967
Turnover	£3,995,078	£3,081,866	£2,776,501	£2,456,503	£1,808,778
Group trading profit					
subject to taxation	£236,484	£224,010	£270,453	£280,542	£148,283
Net earnings for					
Ordinary shareholders	£187,770	£126,307	£143,790	£141,967	£80,841
Ordinary dividends rate	25.00%	25.00%	20.00%	19.17%	18.75%
Net capital employed	£1,093,302	£886,251	£808,540	£718,257	£611,550

(Dividend on capital as increased by Rights Issue in June 1971.)

As from 1st November 1971

Interest rates on Deposits

with (a) THE HODGE GROUP LTD.,
(b) ANGLO AUTO FINANCE CO. LTD.,
(c) JULIAN S. HODGE & CO. LTD.,
will be—

Notice of Withdrawal	Interest Rate
7 days	5% p.a.
3 months	5½% p.a.
6 months	6% p.a.
11 months (for The Hodge Group Ltd. & Anglo Auto Finance Co Ltd)	7% p.a.
12 months (for Julian S. Hodge & Co. Ltd)	7½% p.a.

Fixed period 2 years (New accounts) 7% p.a.
Fixed period 3 years (New accounts) 7½% p.a.

Particulars from: The Hodge Group Deposit Dept. 2C
Julian S. Hodge Building, Newport Road, Cardiff, Telephone 42677.

Other
Overseas
NewsSoviet
Air Chief
goes to
New Delhi

By Our Own Correspondent

NEW DELHI, Oct. 28. HIGH-POWERED Soviet military delegation led by the Commander-in-Chief of the Air Force, Air Marshal Pavel Kutepov, is expected here tonight to discuss Indian Defence requirements in the face of Pakistan's threat.

This visit comes at a time when the Soviet Union is seeking to improve its relations with India. The Soviet Deputy Foreign Minister Mr. Nikolai Fyodorov, who is also planning to bring several members of his diplomatic missions in Pakistan.

At the end of Mr. Fyodorov's statement was issued yesterday, there was "full agreement" between India and the USSR on the extent and nature of the military threat. Discussions were held under the specific provision of the recently signed Soviet treaty of peace, friendship and co-operation, which calls for immediate negotiations between the two countries in the event of a threat to security of either country.

According to informed sources, the Soviet military delegation will spend a few days in New Delhi to make a detailed study of the needs of India's armed forces in terms of military hardware and other equipment.

The military team's visit will be followed by two others. These will be led by the Soviet Minister for Shipping and Deputy Minister for Planning who will work out details of bilateral economic cooperation between the two countries.

The Soviet Union is already India's largest supplier of arms and the Indian Air Force has even squadrons of MIG-21 fighters and five squadrons of Sukhoi-7 fighter bombers.

Indian atomic experts are likely to visit Moscow next month to discuss specific programmes of scientific collaboration.

Soviet Union turns
against American
Middle East plan

BY RICHARD JOHNS, MIDDLE EAST CORRESPONDENT

THE SOVIET UNION has now withdrawn what appeared, until a few weeks ago, to be a tacit acceptance of the U.S. initiative for a partial Middle East settlement involving a reopening of the Suez Canal.

This was the unmistakable message in a report yesterday by the Soviet news agency Tass which said that the American plan for a partial arrangement had been rejected by Egypt. It reported from New York that the plan—which was first publicly outlined on October 4 by Mr. William Rogers, Secretary of State—was a "diversionary manoeuvre" designed to draw up on terms that are quite unacceptable to Egypt.

Liquidate

Egypt has so far refrained from any outright rejection of the initiative. Indeed, it is believed that President Sadat is still trying to obtain clarification from the American proposals through President Tito of Yugoslavia, who is in Washington on a state visit. The understanding among diplomats is that

Egypt is still interested in a partial settlement as long as it is linked to an overall and permanent one.

The clue to the Tass report seemed to be given in a commentary in yesterday's Pravda, the Soviet Communist Party newspaper. This condemned the U.S. for seeking a Middle East settlement through "unilateral diplomacy" rather than Big Four power consultations under the aegis of the United Nations.

Mr. Tomas Kolesnikov, who is Pravda's New York correspondent, wrote that the "extremely dangerous situation" in the Middle East demanded that "all available opportunities" should be used to "liquidate the results of Israel's aggression." The New York meetings between the U.S., the Soviet Union, the U.K. and France offered "very real possibilities" for achieving a political solution, he went on.

While the Tass dispatch almost certainly reflects Egypt's disavowal of the American initiative, its main significance appears to be the Kremlin's concern that the U.S. might win all the political dividends if there was a partial settlement.

Detainee's suicide shocks
S. African opposition

BY OUR OWN CORRESPONDENT JOHANNESBURG, Oct. 28.

THE SUICIDE in detention yesterday of a 30-year-old Johannesburg Indian school teacher, Ahmed Timol, has horrified and shocked Opposition circles in South Africa and brought renewed calls for a judicial enquiry into the activities of the security police.

Police headquarters confirmed that Timol had jumped from the tenth floor of John Vorster Square. "He committed suicide," he added.

The death has come only a week after a Cape Town priest, the Reverend Bernard Wrangham, ended his two-month protest over the death in detention of Iman Haron. At least 11 other detainees of the Security Police died between 1963 and 1968, six of them apparently by hanging themselves.

Another of the detainees held after last week-end's countrywide police raids, Mr. Mohammed Essop, 21, is ill in a Pretoria hospital. The head of Johannesburg Security Police, Colonel

Greyling, said Essop was "not dangerously ill," but his mother said he was unconscious and seemed to be breathing very slowly.

So far as is known, at least nine people were detained by security police in the week-end raids.

Spokesmen for both the United Party and the Progressive Party have expressed shock at Timol's death. Mrs. Helen Szmman, Progressive MP for Houghton, asked for a full and proper judicial inquiry. "This type of law," she said, "which allows people to be detained without trial must lend itself to the most dangerous practices."

The leader of the United Party in the Transvaal, Mr. Marais Steyn, described Timol's death as "absolutely dreadful. One can only hope," he went on, "that at the inquest a really genuine and severe probe will be conducted into the cause of death. Unless justice is done publicly, the United Party will certainly raise the matter in Parliament."

S. Africa
opts for
PAL TV

PRETORIA, Oct. 28. SOUTH AFRICA will use the West German PAL colour system when television is introduced here in 1975, Education Minister Johannes Van Der Spuy announced today.

Senator Van Der Spuy, who also holds the ministerial portfolio for the South African Broadcasting Corporation, which will be responsible for the television service, said the adoption of the PAL system would bring South Africa into line with most countries which had advanced electronic industries. South U.S. for seeking a Middle East settlement through "unilateral diplomacy" rather than Big Four power consultations under the aegis of the United Nations.

SECCAM is generally regarded as more expensive than the PAL system, which has been adopted by most European countries, including Britain. The initial cost for the planned television service is estimated at £25m.

Bridget Blooin writes: The decision to adopt the P.A.L. system, which was recommended by the commission of enquiry in television set up by the South African Government two years ago, will no doubt be welcomed by a number of British companies who may now be in line for important contracts. It is estimated that 700,000 sets, costing £145m., will be bought in the first five years, and those British companies, such as G.E.C., which already have assembly facilities in South Africa are likely to be particularly well placed. Marconi (part of the G.E.C. group) also seem well placed to supply transmitting and studio equipment.

However, considerable competition will come from Dutch, Japanese and West German companies. So far as is known, the major contracts have yet been awarded.

Reuter

More whites
chose life
in Rhodesia

By Our Own Correspondent

SALISBURY, Oct. 28. THE number of white immigrants settling in Rhodesia during 1971 is likely to prove the largest for 14 years. Figures for the first nine months of 1971 published today show a net gain of close on 7,000 whites—50 per cent higher than in the same period last year and larger than any annual total for any year since 1958. The explanation is a 20 per cent increase in new arrivals combined with a small decline in the number of emigrants.

Other economic data published for the first time today shows that sales of principal farm crops and livestock are heading for a record this year exceeding the 1965 total of £76m.

BURMA'S RELATIONS WITH CHINA

'Love thy big neighbour'

BY A SPECIAL CORRESPONDENT

EARLY this month, four years after it had been broken off, the Chinese aid programme to Burma was quietly resumed. This event sets the seal on the process of reconciliation between Rangoon and Peking which, earlier in the year, took the form of the signing of the Sino-Burmese Friendship and Co-operation Agreement. Thus, when Gen. Ne Win visited Peking in 1966 as Prime Minister of Burma's caretaker Government, Premier Chou gave him this assurance: "We have every reason to maintain mutual friendship and co-operation, and no reason whatever to set ourselves against or to invade each other. Our two peoples are kinsmen."

Under the new programme Burma is expected not only to have what remains of the original funds placed at its disposal but also to have a considerably greater say in the way the money is spent. It should also be able to dispense with the army of Chinese technicians who entered the country under the old programme and ultimately did much to hasten the breakdown of Sino-Burmese relations.

Interlude

China's new administration is likely to be less conspicuous (as well as far less numerous) than their predecessors, and they will almost certainly have been warned by their Government in keeping clear of internal politics. But China's painstaking attempt to rebuild its relationship with Burma along orthodox non-ideological lines cannot altogether banish memories of what Gen. Ne Win has called "the unhappy interlude of 1967." The truth is that Burma now regards China as a country which it cannot afford not to treat as a friend. Before the traumatic experience of the Cultural Revolution the friendship between Peking and Rangoon could at least be given the appearance of spontaneity.

The old relationship got off to a flying start in 1950 when neutralist Burma became the first non-Communist country to

establish full ambassadorial relations with China. The gesture was received with a good deal of more enthusiasm in Peking than the almost simultaneous British recognition of the People's Republic and in the next few years the Chinese never tired of reiterating Sino-Burmese friendship. Thus, when Gen. Ne Win visited Peking in 1966 as Prime Minister of Burma's caretaker Government, Premier Chou gave him this assurance: "We have every reason to maintain mutual friendship and co-operation, and no reason whatever to set ourselves against or to invade each other. Our two peoples are kinsmen."

Belched fire

Two years later when General Ne Win overthrew U Nu's parliamentary regime and set up a military government, Mr. Chou stated greetings saying he was confident "the intimate relations of friendship and co-operation between China and Burma will be further strengthened and developed." These sentiments were repeated yet again in July, 1965, when Gen. Ne Win visited Peking as Chairman of Burma's Revolutionary Council. But hardly had the two sides exchanged courtesies on this occasion before the first rumblings of Chinese anger began to be heard. In a Chinese document which "strayed" to Peking a few months after the Peking visit Gen. Ne Win was denounced for having arrested or driven underground "all legitimate leaders of Burma's democratic forces." He was also accused of listening only to "degenerate lackeys who parrot the Moscow line."

The document had a core of truth. Gen. Ne Win had by that time broken off peace negotiations with the Burma Communist Party which had been up in arms against every Burmese government since 1948 and is still fighting the Government to-day. This did not alter the fact that its spirit was alarmingly contrary to the tradition of Sino-Burmese relations up to 1966.

owning the Penang document, but subsequent events seem to prove its authenticity. For in 1967, when the "Great Proletarian Cultural Revolution" was in full swing in China, Chinese agitprop cadres in Burma began stirring up trouble among overseas Chinese students in Rangoon. The militant behaviour of the Chinese students led to anti-Chinese riots in Rangoon and elsewhere to which China's Red Guards replied by an attack on the Burmese embassy in Peking. Peking then belched fire and venom at Gen. Ne Win. It called his Government "a reactionary band of fascist killers fanatically opposing China" and accused him of "catering to the needs of U.S. imperialism and Soviet revisionism."

Worse still, Peking now disclosed for the first time its support for the Burma Communist Party, and instructed its officials in Burma to leave the country. The 400-odd Chinese technicians serving in Burma left en masse, defiantly waving their little red books. The Chinese Ambassador was withdrawn and the two countries ceased for the time being to have any effective diplomatic relations.

Goodwill

Despite the extremes of China's behaviour the Ne Win Government refused to be provoked. It even demonstrated its goodwill at the 1967 session of the UN General Assembly by demanding the expulsion of Taiwan and the seating of Peking, declaring that China's exclusion from the UN was a " glaring injustice which should be set right." This friendly gesture seems to have passed unnoticed for, from the start of 1969, Peking-backed Burmese Communists actually intensified their fighting near the Chinese border. During 1969 and the early part of last year the Communists inflicted heavy losses on Burmese Government troops. Even then, Burma refused to take offence.

In November, 1969, the Burmese leader made the first public call for a Sino-Burmese reconciliation. He suggested that the

"ugly incident of 1967" should be attributed to "turns in bad fortune" and proposed that the two governments try to "revivify and furlur." In a conciliatory gesture which went far even by Burmese standards Gen. Ne Win deliberately let fall to the local Communist forces the small border town of Kyaukse. He did so lest he put in "application of full fire power on the Communists might result in the violation of international practice and harm Sino-Burmese relations."

Burned fingers

It was at this point that Peking's attitude began to soften. By the end of 1970 the two countries had exchanged ambassadors and there were signs that Chinese support for the Burma Communist Party was beginning to be run down. But despite the renewed expressions of cordiality, and the hospitality shown to Gen. Ne Win on his recent Peking visit (when he received the unusual distinction of being accompanied by Premier Chou on his visits outside the capital) Burma knows that it has burned its fingers with China.

The two countries have a 1,200-mile frontier which is unprotected on the Burmese side and will remain unprotected until road and air communications are improved out of reach of 27m. Burma has a population of 27m. Above all it is plagued by diverse types of insurgents of whom the Communists and the separatist elements in the northern frontier regions are particularly susceptible to Peking's influence.

None of these facts might have been allowed to distort Sino-Burmese relations if China had not shown its willingness to exploit them during the Cultural Revolution. As it is they provide the key to Burma's attitude in China which remains a combination of superhuman restraint and profound distrust. They also help to explain Gen. Ne Win's much publicised "love thy neighbour" foreign policy which in practice means "love thy big neighbour."

IN BRIEF

● TOKYO: The Japanese Finance Ministry said it was considering proposals for an export tax to curb shipments of products whose overseas sales were rising too rapidly. But Ministry officials said they doubted the feasibility of such a tax, which would have to gain parliamentary approval.

● PHNOM PENH: Cambodia yesterday floated its new currency and lifted almost all

restrictions and special levies on imports. Trading in the floated riel begins to-day when the National Bank sets its initial parity.

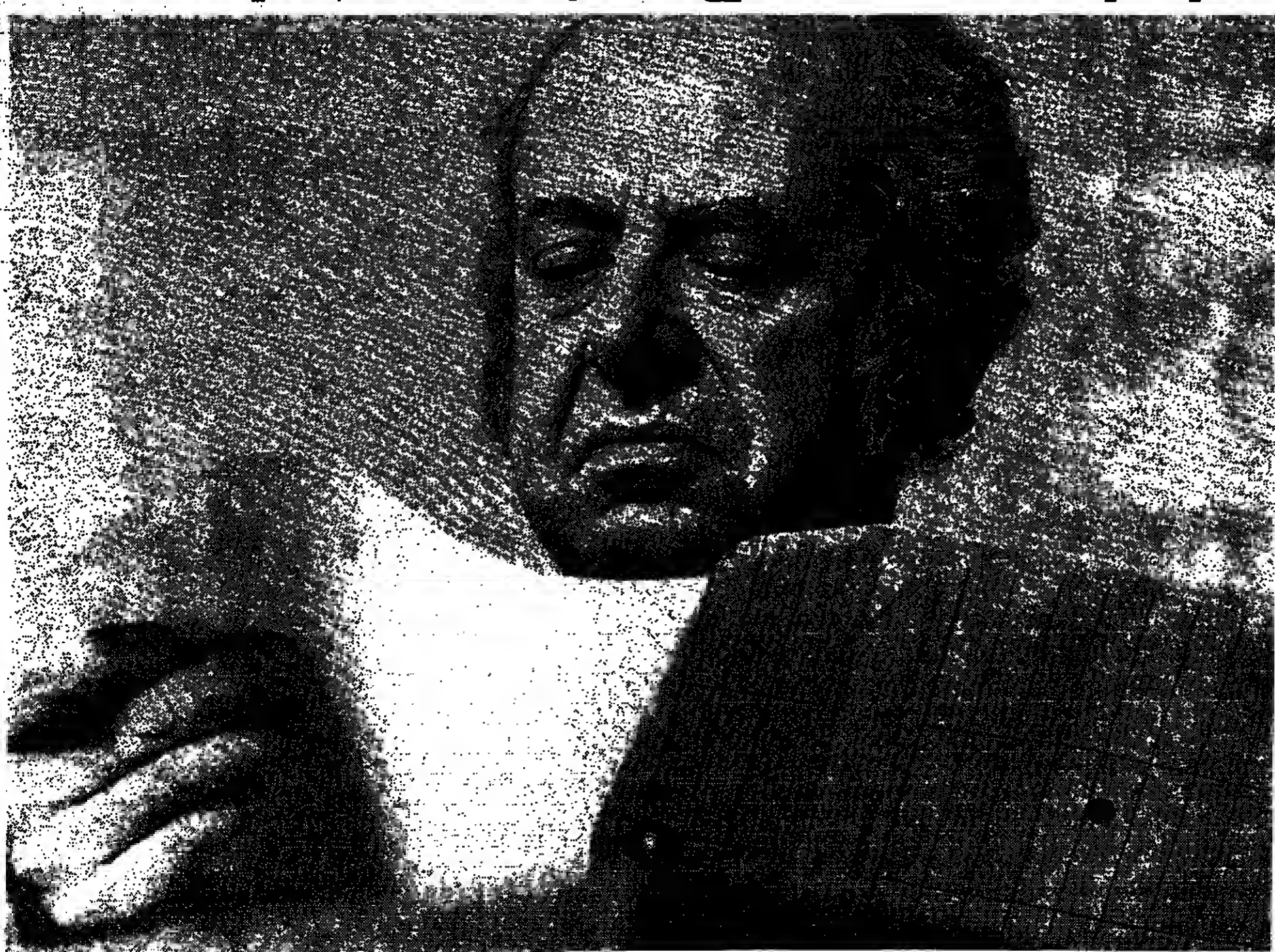
● JOHANNESBURG: Mrs. Winnie Mandela, wife of jailed former African nationalist leader Nelson Mandela, was yesterday sentenced to a suspended six-month jail term for breaking a banning order. She received a

similar sentence for contravening the banning order in March, against which an appeal is pending. She is also due to appear in court on November 16 on another charge for the same offence.

● KINSHASA: The Democratic Republic of the Congo will be renamed Zaire, the old name for the Congo River. The river also will be renamed Zaire.

● LISBON: For the first time since fighting began in Portuguese Africa there has been a formal exchange of prisoners between Portugal and a neighbouring rebel supporting African state. High-ranking Government officials from Congo Brazzaville crossed into Cabinda, the Portuguese enclave north of Angola, earlier this week and negotiated with Portuguese security authorities.

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Newcastle: 5th Floor, Bridge Tower, Church Street, Newcastle NE1 2DU. Tel: 0632 7031/4.



The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

COMPUTERS

Centre-File success

OFF TO what in all fairness was a very shaky start two and a-half years ago, Centre-File, the wholly-owned computing service subsidiary of National Westminster Bank is now riding high.

Yesterday, it disclosed that twin IBM 370/155 machines were in and running as the most powerful array of this type of computer in Europe.

Although they form a major part of the equipment at the company centre in Finsbury Circus, their operations are complemented by some extremely sophisticated equipment, from other manufacturers. This includes the computer to microfilm complex supplied by Data-graphix; the key to magnetic tape encoding equipment from CMC, running on a PDP-8 as the central controller; and the Cummins mark sense reader which can speed up the capture of information from standard documents quite dramatically.

Altogether this represents an installed value of something like £5m, but Centre-File needs all this power in view of the way in which its services have expanded and still are growing, according to Cyril Townsend, the managing director. Main service still is the one which supports the operations of many of the brokers operating on the London Stock Exchange through 64 terminals.

Since this service tentatively went to work some two and a-half years ago, it has expanded rapidly and it now handles 25 per cent of the business concluded on the LSE every day. This represents a formidable amount of money for which the company is responsible since transactions vary between £36,000m and £40,000m a year.

Stock data held in the massive files now covers as many as 22,500 separate entities.

The service to the building societies is also progressing well with 28 either using or about to use the centre and about 1.1m investment and mortgage accounts on the equipment.

Early this year, the company launched a payroll service; nothing novel but, in the words of Townsend, "not cheap but good." It has attracted so far, 250 employer users which, added to the 200 using the former Westminster Bank service adds up to a considerable total which is still growing fast.

Data capture through mark sense readers and the CMC unit is another fast growing area and, altogether, this NatWest subsidiary gives every impression of bustling activity on problems now well understood and under control.

Revenue this year is around £1.4m, should grow to £2m next year and started at only £100,000 in 1968.

Printing at lower cost

TELEX Computer Products U.K. has designed its 5403 high-speed tri-processor and various models of controllers as direct replacements for the IBM 1403N1 printer and 2821 control units.

They give substantial rental savings, the company reports. First deliveries of these products to U.K. customers are scheduled for this month, and the sub-system is already installed for demonstration and use on Tsiex's own IBM 360/30 at its head office at 213, Oxford Street, London, W.1.

An important feature in the Telex sub-system is its capability of on-line or off-line operation, with IBM systems 360 or 370.

When printing off-line, it may use magnetic tape or punched cards for data input, running completely independent of the central processing unit.

Telex 5821 controller and 5403 printers provide improved printing and skipping speeds, giving 1,200 l.p.m. with the standard 48 character print train and up to 2,500 l.p.m. with the 16-character set. A range of print train character sets is available.

Guide to makers' pricing

NEWLY established computer service brokers Carus AG and Co., of 36, The Broadway, Maldenhead, has introduced two "pocket guides" to computer prices in the U.K., to be updated quarterly.

The new publications—one for medium-scale computers, the other for small systems—represent a step forward in computer intelligence. CC Sellers, as they are called, will be useful to computer salesmen, consultants and users since manufacturers normally disclose prices only in the context of individual system proposals.

The volume on medium-scale machines compares, at a glance, the prices of 35 computer models (and associated software) offered by IBM, ICL, Honeywell, NCR, Univac and Burroughs. The guide to small computers covers the products of 16 manufacturers: Adler, ADM, Burroughs, Business Computers, Friden, Data Processing Equipment, IBM, Kienzle, Litton, Mulvico, NCR, Nixdorf, Honeywell, Sumlock, Phillips and Olivetti. This publication embraces 50 models of small computer systems.

LUBRICATION

Making tribology viable

FOR the Industrial Unit of Tribology at Leeds the end of its "deficiency" grant from the Government is in sight. The grant guarantees a minimum income of £5,000 per month to operate the Unit that is, any shortfall in income from membership subscriptions and contract work is made up by the grant. The Unit was established on April 1, 1968, and on March 1, 1972, should become self-supporting.

The Unit is struggling to ensure its continuance. A full colour brochure has just been published and a marketing consultant appointed to stimulate support from industry.

When the Unit invited membership from industry in July, 50 companies joined in three months at £25 each per annum, and the figure is nearing 100, including foreign members. Some 28 sponsored projects are in hand at figures ranging from a 21 year £20,000 contract to small consultancy jobs at £50 a time, and with an average project cost of £2,400.

On this basis the director, Dr. R. J. Wakelin, who joined the Unit early this year, is confident that viability will be achieved.

The Unit is developing several schemes involving multi-client sponsorship. These include a study of systems to provide early warning of failure in bearings, gears, seals and other tribological devices; testing facilities for maintenance-free bearings, including plastics, composites and materials incorporating solid lubricants; and low friction surface treatments; and chemical vapour deposition of wear resistant coatings (in conjunction with Fulmer Research Institute, a member organisation).

TRANSPORT

Tests on a safety vehicle

CRASH barrier tests at 50 mph have been carried out on an experimental "safety" vehicle by General Motors Corporation. Topical at a time when Volkswagen have protested that cars loosely described in this way could cost some 50 per cent more to build, these trials have shown that the GM concept holds great promise since the components of the test vehicle held together well and remained intact despite crash distortion.

Two of the test units are going to the U.S. Department of Transportation in about a year for further extensive testing. They will be in the form of five-passenger cars and are the result of the first half of the GM's experimental safety vehicle project (ESV) which has another 14 months to run.

Before the final versions go to DOT, up to a dozen tough barrier crash tests—equivalent to crashing into a parked car at 100 mph—will be carried out. There will also be development and durability tests.

The four-door saloon has a 124 inch wheelbase, and a 64 inch track. It is driven by a 5932 cc V-8 engine through a three-speed torque converter, a drive shaft with two universal joints and has a coil spring rear suspension.

Engine weight has been cut by using an aluminium cylinder

block, heads and intake manifold. Nevertheless, it has not so far been possible to achieve the Government's ESV weight limit of 4,000 lbs plus or minus 200 lbs, even though some 1,000 lbs of aluminium has been incorporated into the design. The vehicle as it now stands weighs 4,700 lbs.

Occupant protection considerations have resulted in some interesting features such as the elimination of the pillars at either side of the windscreen, which also makes for greater visibility. This ESV has something like 10 per cent more glass than a standard model.

Increased interior space has been found necessary to house the protection system which is described as a 30/50 approach. This means protection for unbelted occupants in a 30-mph barrier crash, without special safety units. But to achieve a good deal to recommend them, a provided that the cost can be justified. In cases where car position at any moment is vital to the whole operation—the police, military and paramilitary forces and certain types of emergency organisations, cost may well not be a major consideration. With reducing costs of electronic equipment in general, application to his fleets could become much more likely.

Driver controls are nothing

No doubt with these applications in mind, Motorola of 44 Bath Road, Slough, Bucks, has just introduced a system that determines a vehicle's position by measuring the relative propagation delay of a signal which is transmitted from a vehicle and received at three or more fixed sites.

The control site addresses a vehicle by radio, triggering a return transmission that effect enables a circle to be described around each of the stations on which the vehicle must somewhere lie. Intersection of the circles pinpoints the vehicle position. The measurement is digitised and sent to the control centre where the data is input to a computer that performs the necessary calculations to pinpoint the vehicle. The result is then displayed on CRT system, having first been converted by the computer to the appropriate coordinates.

The intersection and processing of the information takes place without the involvement of the vehicle driver and location of vehicles operating on road or fixed routes is performed. The company with an accuracy of better than 300 yards.

The system is also able to deal with other data relating to vehicle such as driver identification, time scheduling, route a run number, seat occupancy status of doors and engine. In the United States the system is already in use by the Chicago Transit Authority.

ELECTRONICS

Sensitive flow switch

FLOW rates of less than a gallon per minute can actuate flow switch called the F811 now available in the U.K. from Perfection Paris, of 59, Udon Street, London, S.E.1.

Made by Perfection Controls in U.S., the switch is suitable for use in liquid lines carrying water, ethylene glycol or a fluid not harmful to phosphor bronze and not classified as hazardous fluid.

Applications are likely to include waste purification at treatment systems; boost pumps; cooling systems for electronic tubes, bearings and control systems; high input boiler protection systems; rapid recovery water heaters, and food waste disposal units.

TEXTILES

Machine knit yarn control

MACHINE knitting will benefit from a new device for measuring the length of yarn that goes into each stitch. It will be marketed by Thorn Bendix of New Bedford, Nottingham. The invention arose from a programme of research to improve knitting quality at the Hosiery and Allied Trades Research Association (HATRA).

Both home knitters and manufacturers know that a very small change in the length of yarn fed to each knitting loop will result in a change in the size of a garment. A usual method of quality control is to interrupt production to knit a waste section and then measure the actual intake of yarn by unravelling the marked lengths of yarn and a predetermined number of needles, a direct reading of the loop length knitted is displayed on a meter. The adjustment can then be made to the machine while it is knitting an immediate correction is put into effect.

The meter is a portable instrument and can be plugged into any knitting machine that has been adapted. Total cost of the meter with the necessary adaptations is expected to be a few hundred pounds.

cradle on tungsten carbide, steel or stainless steel ball bearings. Fluid passing through the meter causes the rotor to rotate. A magnetic pickup coil integral with the body registers a pulse each time a blade interrupts the magnetic flux. The frequency and voltage of the pulses is directly proportional to volumetric flow rate and indicates the passage of a fixed volume of fluid—pre-determined by factory calibration.

Treatment of ferrous surfaces

FERROUS components which come into contact with phosphate substances may develop dry and coating immediately after hardening and tempering. Removal of this coating is difficult unless mechanical methods such as barreling or super sheening are used.

Burmah-Castrol Industrial has tackled the problem by developing a soluble heat treatment oil which imparts an even black finish to components. Mixed with water to form a 10 per cent solution, Castrol Nitemp 4 can be used instead of conventional soluble oils in continuous or pot type tempering furnaces. It is claimed to almost eliminate phosphate staining, and the black appearance is stated to compare with finishes produced by the more costly process of chemical blacking or steam tempering.

Maintenance services

COMPUTER Sales and Services, the refurbished computer and peripheral house of Pancras Road, London, N.W.1, has formed a new maintenance company.

Headed by the CSS technical director, Mr. Paul Walls, who was formerly with GEC, CSS (Maintenance) offers full maintenance facilities for ICL and SDS computers.

The company has just gained the maintenance agreement for an SDS computer system installed at Rolls-Royce (1971), Derby.

CSS Maintenance offers a variety of maintenance contracts, involving 12 monthly schedules of work with the aim of bringing and keeping systems up to the original specification of the manufacturer. With a staff of over 30, CSS plans to extend its maintenance services to systems other than IBM and ICL in the near future.

Pneumatic five ton bench press

PNEUMATIC bench press, operated by a Martonair double acting cushioned cylinder (2 1/2 inch bore, 6-inch stroke) through a toggle, develops a ram force of 2 tons at 60 psi and 5 tons at 100 psi.

The stroke of the press is variable from 1/2 to 1 inch and the height of the ram is adjustable by 1 inch. Throat depth is 3 inches and die space 5 inch deep by 6 inch wide. The weight of the press is 40 lbs. It is operated by a foot control valve and is fully safety shielded. The maker, John Bird Precision Engineering, Marlborough Road, London, N19, claims that at £48 this press is about £150 cheaper than its nearest competitor.

Accurate flowmeter

FLUID flow in pipelines as small as one inch can be accurately measured by an insertion meter developed by Electronic Flowmeters, 51, Cross Lances Road, Hounslow, Middlesex.

The new meter is made of stainless steel, extremely easy to install into pipelines and is compatible with the wide range of flow indicators, recorders, totalisers and batch controllers.

The insertion flow meter is essentially a velocity measuring device. It is a free-spinning, helical multi-bladed rotor supported in a non-magnetic stainless steel

MATERIALS

Spray-on ceramic retardant

CERAMOSPRAY IV, a sprayed-on ceramic fibre material for insulation and fire retardant purposes, has been granted a fire certificate by the Joint Fire Research Organisation.

This means that Cascade Insulation Services, of Miffield is free to market Ceramospray IV for use as a fire protection for buildings, offices, workshops, warehouses and other areas. The company is already an approved contractor with the CEB and Ministry of Defence for other materials in the family for turbines, uptakes and steam chests.

The material has no asbestos content. It was tested to British Standard and to those of the equivalent American Society of Testing Materials. It has been afforded a two hour rating at 1/2 inch thickness for floors and 1 1/2 inch thickness for beams.

The material is applied direct to steel, plaster, masonry and other rigid surfaces. Apart from its retardant value, the material has an acoustic application environmentally for people in machine shops and offices.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

To convert lb to kg simply multiply by 0.45359237

Or talk metrication to Avery. Now.

This is a pretty big coupon. It deals with one of the biggest tasks facing British Industry. Metrication. And particularly the metrication of weighing equipment. Before you dismiss weighing as being only a minor part of the total metrication programme, let's put it in perspective.

Virtually every industry and every process uses weighing equipment for control purposes. The majority of this equipment will need to be converted or replaced.

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So before planning your metrication date, talk to Avery. Or if it's already planned, we need to know your requirements for metric equipment or conversion soon. And this coupon will help to get your metrication programme moving today.

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Telephone _____

Name of person to contact _____

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We know it takes some doing. It needs skill in design and construction. It calls, too, for a sensitive balance of social and profit motives.

We are looking for entrepreneurs genuinely interested in helping us to realise our continuing ambition—to bring owner-occupation within reach of several thousand of the families coming to live in the new city who will otherwise have no real choice between renting and buying.

Our breakthrough scheme will be on a site of eight acres. It is in our first new township, where 18,000 people will live, at least half of them in houses they will buy. The site is near the township centre, where Sainsbury's first superstore is now being built.

We invite initial approaches backed by evidence of achievement in this sector of the market, or by a convincing statement of ability to perform. After studying these we'll invite several of the best to discuss ideas further.

Write with details in the first instance to Wyndham Thomas, General Manager, Peterborough Development Corporation, Peterscourt, Peterborough by 15 November 1971.

EUROPE

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it's called
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What is DDF?

DDF is the only organisation that has a comprehensive experience, country by country, of European markets today.

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The best knowledge must come from the major agencies native to each country in the community.

DDF is an alliance of those agencies within an international agency combine, billing over £100m.

It provides all the best national advertising and market experience in Europe. It is multi-nationally co-ordinated to put your goods in those markets.

Advertising to meet specific local conditions

There is no imposition of across-the-board thinking, as it exists in many international agencies, for we have found it to be unprofitable to our clients and time-wasting. Each agency within

the DDF complex has a DDF executive responsible to the Board, who clarifies the objectives of the advertising and, as necessary, reformulates it to meet its local targets.

33 Worldwide offices 15 in Europe alone

The DDF holding company was formed in 1970 as a direct consequence of a partnership that already existed between member agencies, in some cases for more than a decade. Among our clients are 17 of Europe's 100 largest corporations listed in Vision Magazine.

The autonomous National Agencies in DDF Europe:

London	Dorland	01-262 5077
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Munich	Dorland	47 50 80
Dusseldorf	Dorland	8 40 11
Vienna	Dorland	52 59 57
Milan	Dorland	48 39 07
Amsterdam	Bouman DDF	22 92 92
Leeuwarden	Bouman DDF	05 100 21241
Copenhagen	Dea DDF	15 04 45
Brussels	Mens Conseils DDF	48 81 67
Madrid	Publinova DDF	253 24 00
Paris	Moors et Warot DDF	532 41 49
Berne	Hans Beat Grimm DDF	25 43 11
Zurich	Hans Beat Grimm DDF	32 30 48

In addition to the European offices listed below, the DDF complex comprises Dancer Fitzgerald Sample, Inc. in the USA and Canada, and Fortune Pty. Ltd. with offices throughout Australia and the Far East.

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There is no better way to evaluate performance than by actually seeing it in action, first hand for yourself, and since any decision to change your present advertising plans is not to be taken lightly, DDF has formulated a special plan that allows you to "put a toe in the bathwater". We have in the past demonstrated our thinking within 30 days of receiving a brief from our clients: if you are a European advertiser, we would like an opportunity to do exactly that for you. There will be no fee.

Alternatively, you may prefer to meet us informally. Please contact Michael Hanks or Julian Potter for an appointment.

Or write DDF, 121-141 Westbourne Terrace, London W2.6JR.
Telex 27674. Telephone 01-262 5077:

DDF
DFS DORLAND FORTUNE INTERNATIONAL

New Issue

This Advertisement appears as a matter of record only.

28th October 1971

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DM 100,000,000

8% Bearer Bonds of 1971/1986

— Securities Index No. 435 041 —

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Interest: 8% p. a., payable semi-annually
Repayment: after 5 years free of redemption in 10 annual instalments through a Redemption Fund or through drawings by lot at par

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Vehicle and General Tribunal of Inquiry

Counsel praises witnesses in winding-up speech

THE PRIME early intention of the Vehicle and General Insurance Company was to achieve growth, Mr. John Arnold, QC, claimed yesterday.

Mr. Arnold, counsel for the Tribunal, was making his final speech to the Tribunal investigating the supervisory role of the Department of Trade and Industry in the years leading to the company's collapse.

Dealing with the question of whether V & G was different from other companies and the part this played in the department's approach he said there was little doubt that the company aimed at a degree of selectivity by their policy of rating. The evidence was absolutely clear that there was no "physical exclusion" of V & G's brokers were never instructed to write less selective risks.

On re-insurance and the question of low retention, Mr. Arnold said that on the 1964 account the Department thought recoveries included reinsurance recoveries.

If that was what they thought, they must have thought the "outstandings" were gross of the excess about the retention. Otherwise they would have thought the company was deducting from "outstandings" net to the re-insured excess, the recoveries under that reinsurance.

What sort of muddle were they in? he asked. "We say no serious supervisor trying to do his job carefully could possibly have rejected the evidence, such as it was, of under-provision on the basis of the favourable effect of low retention without knowing or inquiring about the amount of premium the reinsurance was costing, and the experience of the reinsurers."

"If they did not know what the reinsurance was costing they could not have done the liabilities side of the Section 13 exercise completely. That is another reason for asking about the reinsurance premium."

Referring to the evidence given by the Department's witnesses, Mr. Arnold said the Tribunal might think Mr. Knight, a principal, was an excellent witness. He was perfectly clear, and out to help.

He attempted to mask nothing, you could not fault him as a witness," Mr. Nail, a chief executive officer, was an absolutely genuine witness but he tended to mask the issue.

Mr. Arnold said that for Mr. Jardine, the Under-Secretary in charge of the insurance and companies division of the DTI, the enquiry must have been extremely disagreeable.

After a long career in the civil service he had now passed retiring age, and this was one of the closing scenes in his career.

Mr. Arnold added: "He came into this enquiry absolutely determined to tell you the whole truth." He was in the witness box for about four days and never faltered from the highest possible degree of frankness and candour.

"Maybe you will find he was negligent, but as a man who came to help this enquiry he could not possibly be faulted."

Referring to Mr. Homewood and Mr. Steel, both assistant secretaries, in relation to what happened in the supervision of the V & G company, Mr. Arnold said the emphasis was put on to be not on the taking of wrong steps but the failure to take the right steps.

The faults were of inaction rather than of action. He formed the impression they were rather negative men, whose first endeavour on being asked a question was to see why the question should not be answered.

They answered a question in an obscure rather than a clear way.

Right
The Tribunal was concerned for 1962 with Mr. Homewood and Mr. Nail. A run-off statement was asked for and his submission it was that at the relevant level of administration it was rightly asked for.

It would have been wrong not to have asked for it, because no real conclusion about V & G's situation, to enable the Department to know a solvency margin was there, could have been made without the statement.

Mr. Arnold said the Department asked again for a run-off. They had been promised run-offs in 1962, 1963, 1964 and 1965. They had been told they were not going to get the run-offs for 1962 and 1963, but there was still outstanding the promise that they were going to get run-offs from January 1, 1965.

Peril
"We have now reached the stage where the 1966 accounts are in and that promise was at least in peril. There were lots of pointers in that year to a state of peril," he said.

Mr. Arnold said the 1967 accounts were received on July 1968. There was a vast increase in premium income. Mr. Knight was now "in the saddle" in place of Mr. Nail and Mr. Knight came out in favour of a Section 80 solution.

"I think this was the first time we found any officer of the Department specifically minded to use any particular power under the Acts," said Mr. Arnold.

The Tribunal chairman, Mr. Justice, closing the hearing said the Tribunal would make their report.

New services have been inaugurated, both during the year under review and since, and it is not unreasonable to assume that entry into the Common Market will lead to further business in this harbour, for which trade we must be prepared.

Our plans for development north and south of the present installations were finally approved, and tenders for the works have been invited.

In conclusion, we trust you may consider the Company's progress in this year to be satisfactory and that you will extend your support to our future developments.

YEAR ENDED 30th JUNE	1971	1970
Trading Surplus	£1,094,137	£856,296
Surplus for Appropriation (before tax equalisation and other provisions)	£533,626	£337,664
Dividends:		
Interim of 3.5% (Gross)		
and Final of 5% (Gross)	£191,505	£168,975
Total cargo handled (tons)	2,326,307	2,945,085
Number of containers handled	94,519	95,772

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Management accountants in short supply

BY ELSBETH GANGLIN

OPPORTUNITIES for graduates involved deal with business and school leavers with good A levels in management accounting are good, according to the Institute of Cost and Works Accountants. "There is such a shortage that every candidate could get the promise of a job," I was told yesterday.

Certainly, demand for accountants has held up this year while that for other executives reached rock bottom, as the MSL Index for the third quarter, reported on the Executive's World page in today's Financial Times, proves.

Dr. James Risk, president of the Institute, which intends to do away with the word "works" in the title and put "management" in its place, said the U.K. could do with twice as many fully trained management accountants.

There was a career, "first-class in material rewards and personal satisfaction," available through membership of the Institute.

It has some 11,000 full members (membership is by examination only) and 28,000 registered students, less than half of whom are expected to pass. Claiming to be the "only examining body" in the field of management and cost accounting, the Institute holds exams twice a year. The whole syllabus of examinations, revised this year, covers five parts, in as many years.

The 18 papers and 49 hours involved deal with business and industrial administration, accounting, business mathematics and statistics, economics, office management, data processing, industrial and commercial law, management information, company law, taxation, and more.

Educational standards demanded from candidates for the profession are being pushed up from five "O" levels to at least three "O"s, including mathematics and English, plus two "A"s. But a graduate, for example, with a BSc degree, would get certain exemptions when it comes to the examinations. There are crash courses for chaps who thought originally that they would be engineers," says the Institute.

Altogether, this may be one venue to a career to be explored by graduates who are still out of a job.

LEYLAND RECORD
AT COVENTRY

British Leyland truck and bus division yesterday announced a record output of bus chassis from the Daimler plant at Coventry during the year ended September 30.

The plant produced 1,060 vehicles—worth more than £3m—which was a 28 per cent. increase on last year's output.

Further rise in issue of £ certificate

THE VOLUME of sterling certificates of deposit in issue rose sharply in September, by £165.6m, to £1,778.2m, according to figures released by the Bank of England.

This follows an increase of £101m in August.

The main expansion last month came in certificates with at least three months but less than six months to run, where there was an increase of £110.5m, to £242.2m.

Holdings in the secondary market were up by £39.3m, to £406.3m. Purchases by secondary dealers totalled £150.9m, from issuing banks and £206.5m, from others, while their sales came to £370.4m, and they held maturities of £27.7m.

Issues of London dollar certificates of deposit outstanding fell £73m, to £4.233m, in September. Holdings of the certificates in the secondary market decreased by £22.6m, to £150.5m. Secondary market purchases during the month came to \$354.7m, and sales to \$345.8m, while the market held \$21.7m, of maturities.

NEW FACTORY FOR
HOMEWORTHY

A new factory was opened by bedroom furniture manufacturer Homeworthy on the North Elyton Industrial Estate, Sunderland, yesterday. An extension is already planned.

Initially 75 people are employed but it is hoped to raise this to 500.

We are pleased
to announce
the appointment of
William G. McDougall
Vice President
and
Manager of
the London Office
Shearson, Hammill and Co.
Incorporated
October 26th, 1971

ملكو من لامل

es witness
speech

THE NUMBER of international haulage permits for hauliers operating between the U.K. and Germany and the U.R.S.S. has been increased, the Department of the Environment announced yesterday.

Under the Anglo-German lateral road haulage agreement the general quota has been increased to 3,750 journeys a year, an increase of about 20 per cent.

The Department has also agreed with the German suggestion for the establishment of a "co-operation quota" of 500 journeys a year. This will enable British hauliers who provide return loads for their German counterparts visiting the U.K. to receive additional permits.

A spokesman said that the increase was "not intended to decrease in any way the quota for German hauliers coming some way towards easing the severe shortage of permits the

FINANCIAL TIMES REPORTER

THE GOVERNMENT Statistical Service is among those exploring the need for a code of conduct to cover survey research, Professor C. A. Moser, head of the service, said in Eastbourne yesterday.

Such a code, he said, would define the responsibilities of researchers to respondents both in the collection and safeguarding of data and it would clearly indicate to anyone being interviewed what his rights were with regard to survey research.

The implications for Government surveys, such as any such code might have, would be more carefully considered, said Prof. Moser. He was speaking of the social service conference of the County Councils Association and the Association of Municipal Corporations.

While he had complete faith in the integrity of the Government Statistical Service and was confident that no risk to personal privacy or liberty was attached to its activities, there would be a need for something more than just personal reassurances.

Good social services required good social statistics and research he said and the Government would always require a full population census at regular intervals. But it was possible, he said, that some of the complex questions could be translated into more regular, voluntary, sample surveys.

BY DAVID WALKER

WADKIN, the Leicester machine tool and woodworking machinery group, whose machine tool sales have been rising despite the crisis faced by the rest of the industry, has opened its 500,000 Barkby Thorpe machine tool plant just outside Leicester.

The 54,000 square feet unit signifies the separation of the two sides of the company's business. It will be used wholly for the manufacture of Wadkin's range of numerically controlled milling, boring, drilling and tapping machines, while its main Leicester factory is to go over entirely to woodworking equipment production.

The machine-tool order intake has risen by over 50 per cent since the beginning of the year. Mr. William Sims, the chairman, stated yesterday. Next year, a further rise of at least 20 per cent is expected.

It was significant that many of the orders were coming from the

general engineering field, as well as from such traditional markets as the aircraft industry.

"This new trend in our machine tools division is especially welcome in view of the recent difficult trading conditions in industry generally," Mr. Sims has said, "and has had an effect on our woodworking activities."

NOTTS. PIT SETS OUTPUT RECORD

A new national record was set up yesterday by miners at Newstead Colliery in Nottinghamshire by producing 1,450 tons of coal for the 13th successive year.

The pit, which employs 1,450 men, operates seven coalfaces. No other British colliery has mined 1m. tons for so many years in a row, and the miners have a productivity rate twice the national average.

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

IMMIGRANT children from the West Indies seem to be about even times more likely to be declared educationally subnormal than children from India, and about twice as likely than Pakistani children.

Statistics issued by the Department of Education and Science in 1970, for 1970, there were 113,462 West Indian primary children in State-maintained schools of all types in England and Wales. Of these, 1,531 were in schools for the educationally subnormal.

The comparable figures for Indians were 52,703 and 109 and for Pakistanis 5,514 and 105. So the proportions of the immigrant children being treated as educationally subnormal were: West Indians 2.55 per cent; Indians 0.22 per cent; and Pakistanis 0.42 per cent.

Research workers suggest that the greater tendency for West Indian children to be judged subnormal arises from their

speaking languages which, although foreign to all practical purposes, are based on English. On the other hand, Indians and Pakistanis speak languages which are unmistakably different from the Indians' language needs are given special tuition in English to enable them to cope with the school curriculum, while West Indians' language needs are neglected.

Statistics of Education 1970, vol. 1, Schools. S.O.; £170.

Vehicle test problem for local councils

By Ray Daffer

THE Freight Transport Association has told the Department of the Environment that the extension of Government plating and

The following are extracts from his statement by the Chairman, Mr. J. M. Njiru, at the annual general meeting held on 27 November 1970, circulated with the report and accounts for the year ended December 31, 1970:—

Tea: Accounts and Balance Sheet as at 31st December, 1970.

"The total production of tea bud and leaf was 6,800 tons valued at KSh 2,440,000 from 446,520 cwt to 453,926 cwt."

INDIA: In 1970 we produced the highest crop from the present gardens, but the all over average price was 53 old pence per cwt, which was down from 1969. Consequently the tea growers were only marginally higher in 1970 than in 1969. Costs, on the other hand, showed a further sharp increase with the result that the tea profit before tax for the year at ShS.602 was 24.51%, less than for the previous years."

The amalgamation of the Kamun and Hingirian factories at Kihowang has completed early in 1971 and has resulted in considerable economies. Unfortunately, these economies have been more than offset by rising costs."

Crop for the current year up-to-date is slightly in excess of last year's figures, but prices are lower."

KENYA: A loss of £12,288 in the year to 30th September, 1969, had been converted into a profit of £2,650 for the year to 30th September, 1970."

This extremely satisfactory change in our fortunes is due to the two principal factors of a much increased crop which was sold at much higher average prices."

FUTURE: Unfortunately the prospects for both Tea and Coffee for the current year cannot be viewed with optimism."

By Ray Drifter

THE Freight Transport Association has told the Department of the Environment that the extension of Government plating and testing regulations to motor vehicles with "specialised vehicles will cause considerable difficulties" for many councils.

The FTA, which carried out a survey of more than 1,600 local authorities in Great Britain, said the main points of concern in relation to the sufficient number of authorised personnel to issue notices of difficulty in obtaining spare parts; and limited scope for hiring additional vehicles to carry out the specialised work on vehicles used for road testing or preparation.

The authorities also believed that it would be a bulky and time-consuming exercise to alter the dates in the winter when vehicles were being used on gritting or roads and snow clearance; and that there would be no strain on workshops which would exist for extra maintenance staff.

The FTA has called for a meeting with the DoE to discuss the problem.

To-day

[illegible]

INVESTMENT inflow in October will be a record said the Bristol and West Building Society yesterday.

Gross investments should be well over £5m. and at least £3.5m. after withdrawals, Mr. Andrew Breach, chairman and general manager, added.

By Ray Dafter

"This confirms that interest rates offered by building societies are still very competitive and is certainly encouraging because the new lower rates will help to stimulate the already strong demand for home loans," says Mr. Breach.

Investment and mortgage figures for the first nine months of 1971 are also used. They have risen from £150m. to £176m. and home loans at £27m. are up 33 per cent.

The Society will follow the Building Societies Association's new interest rates.

FIGURES issued yesterday by the Dover Harbour Board show that in the first nine months of the year 4,620 passengers passed through the port, a 10 per cent. increase on the same period last year. A port spokesman said the figures confirmed Dover as the busiest passenger port in the U.K.

The number of cars using the ferry terminal increased by 5.34 per cent. to just over 800,000. But the biggest increase in port activities was the number of commercial road haulage vehicles crossing the English Channel on

Mr. R. J. Dickinson, chairman, Northern Rock Building Society, said in Darlington yesterday:

With money and interest rates as they are, a decision by the Building Societies Association to recommend its member societies to reduce the mortgage rate to 8 per cent. is right and is welcomed by every sector of the housing scene.

"This reduction may well result in yet further pressure upon funds in order to cope with the continuing home buying demand. Societies must ab-

The Government has paid out £11,800 so far for damage caused by Concorde 002 during supersonic flights down Britain's West Coast test route.

Of 600 claims, 348 have been settled at an average cost of about £34 each. The largest was £521 for roof damage.

BY MICHAEL CASSELL

WITHOUT "sensible consideration" in future pay settlements, the gains that should come from the Government's reflationary measures and the Confederation of British Industry's export-restraint initiative would be forfeited, Sir John Pertridge, CBI president, warned last night in London.

On world trade, Sir John said, the liberalising movement in international trade which had done so much to uplift living standards in the Third World was being ground temporarily to a halt. The risks of an accelerating slide into protectionism were now plain.

"THE GOVERNMENT'S ECONOMIC

Mr. Clough claimed that it was "judicious and scandalous" to permit imports of woven and knitted garments, particularly from low-cost countries, to be restricted by "quotas" "forever." The nbligation imposed by Orders in Council made under various Merchandise Marks Acts,

Sir John was speaking at the jubilee dinner of the Wool Textile Delegation, and stressed that, while it was too early to measure the full effect of recent Government action, there were already signs of an uplift in some sectors of the U.K. economy. "I may predict that the benefits would soon be more widespread," he said.

Mr. Clough said that the Government had said it does not intend to legislate to alter the 1968 Trades Descriptions Act.

The Delegation, Mr. Clough said, was asking that marketing orders should be laid before Parliament at an early date, designating country of origin.

"We have trade union and consumer support for our case,"

He emphasised that a series of very important pay claims were now coming up for settlement. "When you look at the size of them, the cost to the industries involved, and the gap between them and any conceivable increase in output, you would be forgiven for feeling that, if this sort of thing continues, the whole system of collective bargaining is bound to be brought into disrepute."

Sir John said he hoped that this would not happen as he believed in the collective bargaining principle, but, at the same time it was his fervent wish that "some better sense" would soon be restored to it.

In the meantime, he added, the CBI would continue to urge the employers to make a decision to stand as firmly as they could against inflationary pay settlements that could undermine the recreation of a better economic

No thinking man, he said, can doubt that the road that needs to be taken; least of all should he doubt it if he is a citizen of the U.K."

Land of origin

Another broadside aimed at changing the Government's mind on the subject of goods imported from the country of origin was fired last night by Mr. J. Alan Clough, chairman of the Wool Textile

SOUVENIR proof-standard sets of £SD coins will go on public sale shortly, it was announced in the Commons yesterday.

Mr. Terence Higgins, Minister of State at the Treasury, said in a written reply that each set will contain 100 coins of the halfpenny in the halfpenny.

The sets will be sold by direct mail order and will cost £3 in the U.K. including postage and packing. Initially, sales will be

SOUVENIR proof-standard sets of £SD coins will go on public sale shortly, it was announced in the Commons yesterday.

Mr. Terence Higgins, Minister of State at the Treasury, said in a written reply that each set will contain eight pieces from the halfpenny to the halfcrown.

The sets will be sold by direct mail order and will cost £3 in the U.K. including postage and packing. Initially, sales will be

**Maybe Daimler should call it
the 'Golden' Sovereign now.**

**Institute of British Carriage and
Automobile Manufacturers 1971 Motor Show
coachwork competition:**

Gold Medal: Daimler Sovereign
Silver Medal: Bentley Corniche



Competing with cars many times its price, the Daimler Sovereign 4.2 litre won the Gold Medal for bodywork in the 'no price limit saloon category' at this year's motor show.

**It just goes to show what we've been saying:
every Daimler is a little better than the one
before.**



The Daimler Company Ltd., Coventry.

Lynch takes harder line on Northern Ireland

BY DOMINICK J. COYLE

DUBLIN, Oct. 28

HERE IS now a very perceptible hardening in the elected Government's attitude towards Northern Ireland and to British policy in the province, officials here, is confirmed almost entirely to military measures and without any obvious political initiatives towards peace.

The Government has, I understand, not yet finally decided on how this changed attitude is to be put into effect, but a number of diplomatic avenues are being studied, including an early approach to the European Commission on Human Rights for a formal investigation into allegations of brutality by members of the security forces in the North.

A second step, already hinted at by Mr. Lynch, the Prime Minister, would entail acquainting the UN in New York about any further incursions into the territory of the Republic by British troops operating along the border. The Government claims that 40 such incursions—some of them held here to have been deliberate, as against accidental crossings—have taken place since August, 1969.

Thirdly, it remains the Government's firm view that a further meeting between Mr. Lynch and Mr. Heath, as envisaged following last month's talks at Chequers, would serve no useful purpose without an advance commitment by Whitehall that Britain intends to have the present Stormont Government structure dismantled and replaced by a new form of

Cynical move

The Government continues to support fully the Social Democrats and the Nationalists who have withdrawn from Stormont, and Ministers insist that there can be no meaningful political solution to the Ulster crisis until these MPs and Senators are involved directly in the process of administration.

Mr. Faulkner's move to bring Dr. G. B. Newe, a leading Roman Catholic, into his Government is seen in Dublin as a rather cynical exercise in political manoeuvring designed to undermine the status of the abstentionist MPs and Senators by suggesting that they are not the real representatives of the northern minority.

One official here told me: "Faulkner is searching around for some 'Castle Catholics'—an oblique reference to Stormont Catholics, seat of the Stormont Government—but it is not going to work. The SDLP and the Nationalist MPs represent the

administration directly involving minority, and there can be no solution which is not acceptable to them and which can not be endorsed by the Government down here."

Meanwhile, the Department for External Affairs is continuing to build up a dossier on alleged torture by the security forces in the North, and this evidence will form the basis of any application to the European Commission on Human Rights. Such an application is, in fact, likely to be made within the next two weeks or so.

An appeal to the Council of Europe will find partisan support here. Mr. Richie Ryan, the main opposition spokesman on foreign affairs, told the Council's legal affairs committee earlier this month that internment and other acts in the North had put a severe strain on Anglo-Irish relations and had "caused us all to question Britain's good faith."

Certainly, all three parties in the Dail (Parliament) are now placing the full onus for a political settlement in Northern Ireland directly on the British Government. To the extent that they claim to see no realistic political initiatives coming from Whitehall, it can safely be assumed that the Government itself will be less than enthusiastic about further tightening of border area security on its side of the partition line.

Mr. Lynch's previous emphasis on quiet diplomacy with Britain, reflected in the last year's Chequers meetings, as a means to peace in the North, found considerable opposition within his own Fianna Fail Party. His new tougher attitude to the crisis, which is fully supported by Dr. P. J. Hillery, the External Affairs Minister, brings him back more into line with the vast majority of his party colleagues, other than the handful of hard-line dissidents.

Felixstowe Dock's loss of U.S. trade offset

By Our Own Correspondent

FELIXSTOWE, Oct. 28

FELIXSTOWE Dock and Railway Company is succeeding in its bid to cushion the effect of the American longshoremen's dispute on the port's traffic, the company's annual meeting was told here today.

Except for military cargo, virtually all U.S. container trade, which normally accounts for 40 to 50 per cent. of total traffic, has been suspended. The blow is being softened, however, by business for which no room could previously be found.

The United States Lines' ship, Pioneer Moon (8,237-ton gross), arrived at the container terminal to load trucks for United Nations relief work in East Pakistan. When she sailed last night for Chittagong her place was taken by the Japanese ship, Mei-yu Maru (18,144-ton gross), which will load 1,900 cars for Montreal.

The chairman, Mr. H. Gordon Pickett, asked about the port's £2m. development project, said it might be that some of the company's future revenue that might otherwise have been used to pay dividends would be used instead, to service a £4m. Government loan.

Once the project was completed, however, shareholders would be fully compensated for the trust they had placed in the company. The developments were justified by potential traffic and, in the long run, would not impair the company's ability to pay a decent dividend.

Ford record deliveries forecast

FORD of Britain will be setting new records for its car deliveries to dealers in November and December, Mr. Ron Platt, Ford director of car sales, announced at the 1971 International London Motor Show yesterday.

Schedules show an increase of almost 50 per cent. over the previous record deliveries for November and December made in 1969.

"We have had one-third more inquiries than ever before at the show and such has been the interest in our model range that additional staff has been directed to the show to handle the inquiries to our dealers," he said. "Fleet owners have shown a particular interest in the Cortina and Escort and we are confident that next year we shall regain our traditional share of the market."

REPORT FROM SCOTLAND

BY ANDREW HARGRAVE

EEC entry magnifies need for new incentives

HUNTERSTON is in the news again, both as a symbol of resource-based development and a practical proposition for major investment. Last week's second "Oceanspan" report, now subtitled "European" to fit in with British entry into the EEC, was followed by the commissioning of a major study (backed jointly by the Scottish Office and a private company) into the deep-water potential of Hunterston.

It is worth noting, though, that after four years of talking, several minor studies, scores of television and radio programmes and literally thousands of newspaper and magazine articles as well as a public inquiry lasting nearly four months, all we have is a few hundred acres of coastal land zoned for industry—and no takers so far.

North Sea oil is held out as the other symbol of Scotland's future prosperity. It is based on somewhat more solid factors: the oil is there, with British Petroleum planning a giant pipeline to take it ashore and thence to its Grangemouth refinery.

But the industry has been set up or moved into the Aberdeen area and are already employing around 700 people. A project to build large drilling platforms at Invergordon might yield even more jobs. Pipe manufacturing may save jobs in a Largs shire tube works. With other oil companies also hoping for major strikes, the spin-off is likely to be substantial.

One must warn, however, that this spin-off is likely to be concentrated in North-East Scotland, with little benefit to the central industrial belt, the most populous and also economically worst-bit area of Scotland. Apart from steadily rising unemployment and redundancies, there is a prospect of further job losses in contracting, mechanisation and automating industries. If, as Scottish business men believe, any economic growth will result first in taking up slack and then in investment in plant and machinery and then—and only then—in hiring extra labour, the need for really powerful regional stimulus becomes apparent.

Tuesday's intellectually barren debate in the Commons on the regional effect of Common Market entry gave no clue as to the content of such a new stimulus. One must therefore turn to the incentives in devising a new regional "package" which will not put Scotland and other development areas at a further disadvantage in an enlarged EEC.

Dr. William Robertson, executive vice-president of the Scottish Council (Development and Industry) which was responsible for the Oceanspan studies, has lived with the problem for a quarter of a century. In his view, apart from a few brief years after the Second World War when the shortage of manpower and materials virtually forced industrial expansion into the development areas, Britain has never had a coherent regional development policy.

One of the reasons for the absence of such a global policy is the curious lack of regional studies in a U.K. context. There has certainly not been one of any significance since the Foot-Hill Report—and that was published ten years ago. Despite its enthusiasm for Europe, the Government has not so far produced any comparative study of regional incentives in Britain and the EEC countries.

Among some Scottish businessmen and economists the view is gaining ground that the major threat to development areas contained in EEC entry is that the incentives in the EEC are competitive with those offered in Europe. In this context recent proposals from the Scottish CBI, Glasgow Chamber of Commerce and the Scottish TUC, among others, deserve consideration.

The Chamber's proposals are due to be discussed in London next Thursday by a delegation headed by the president, Mr. Robin MacLellan and the Minister for Industry, Sir John Eden. They include a number of short-term measures to cope with unemployment, such as the temporary doubling of the regional employment premium (due to be phased out by 1974) and the raising of building grants.

The major short-term suggestion is, however, the application of special development area provisions, including the 30 per cent. payroll subsidy, to local industry as well as incoming companies. (This has so far been strongly resisted by the Department of Trade and Industry and the Treasury.)

Armed with a survey carried out in the Glasgow area, Mr. MacLellan and his colleagues will argue that these extra incentives would result in at least 150 companies increasing their labour forces, producing a total of over 4,000 new jobs, the majority of which would be in the 10-15 year age group. This, they claim, would have so far had no effect, as not one company has moved into the area since they were introduced in February this year.

The STUC too, wants REP. At the Conservative Party Conference earlier this month, Mr. John Davies, Secretary for Trade and Industry, hinted at a

departmental study of regional incentives. It seems, however, that the Government is still insistent on relating regional aid to short-term profits: had this been the only motive force elsewhere some great projects of this century, including Europoort at Rotterdam, would never have materialised.

It may be argued that large capital-intensive projects would not necessarily yield large numbers of jobs: it was one of the arguments which has led to the rejection of the Chevron Oil refinery project for an oil refinery and terminal at Hunterston. But experience has shown that many such projects, such as BP's refinery and petrochemical complex at Grangemouth, has no only led to thousands of new jobs directly and indirectly, but to a major population increase in the area.

A single exercise, even on the scale of Oceanspan would not of course solve the troubles of other Scottish areas, such as the City of Dundee, whose plight is comparable only in Glasgow's. Within a regional "package" there would also have to be arrangements to apply to special cases.

One could not expect a large conglomeration such as the Department for Trade and Industry to operate a diverse regional development policy of this kind. The Scottish Office as constituted at present is not geared to cope either and unless it is reformed—and this would have to be part of parliamentary reform in the U.K. as a whole—the case for a development authority, along the lines suggested by the Scottish Council and Trade Union Congress would seem to be an attractive alternative.

It would of course have to have considerable funds at its disposal, risk capital and a certain freedom from day-to-day Treasury scrutiny and approval. When one considers the way regional incentives are operated in the EEC, one is struck not only by their variety and flexibility but also by the way they are varied by regional agencies in accordance with specific regional needs.

Such an arrangement would of course assume a considerable degree of devolution in economic decision making, one which the British Government, Conservative or Labour, has so far been prepared to consider. Britain's entry into Europe makes such a move more urgent and essential; otherwise the future, besides ill for peripheral areas, such as Scotland.

Mid-Wales plea for help to halt depopulation

BY OUR OWN CORRESPONDENT

CARDIFF, Oct. 28

A NEW initiative is needed to stem the depopulation of the five counties of mid-Wales, according to the Mid-Wales Development Association in its annual report published today.

Growth-town policy is being pursued in seven towns—Aberystwyth, Bala, Brecon, Llandrindod Wells, Rhayader, Welshpool and Newtown. But because of the proposed size of Newtown—to be increased from a population of 5,500 to 11,000 by the 1980s—other strategically placed towns, it is urged, should be expanded.

If growth towns are to achieve expansion more rapidly, they will need some special form of financial assistance and the Association looks on the Development Corporation, which was formed to regenerate mid-Wales, as an

valuable channel for public investment.

A substantial fall has taken place in the past year in the generation of new industrial jobs but, contrary to some forecasts, the difficult economic conditions have not caused the wholesale closure of concerns which have recently established in mid-Wales.

The association suggests that the area would be greatly helped by the provision of new office employment or research establishments in which the Government might help by the dispersal of its own departments. In the same way as advanced factories have been built to attract industries so, in selected areas, advanced offices should be provided as a means of attracting employers, the Association suggests.

Gas price rise of near 5% for North-West

A GAS price rise of nearly 5 per cent. for the North-West was approved at Manchester yesterday by the region's Gas Consultative Council. The increase—to take effect after the first reading of meters next year—will mean 25p to 30p a month more for consumers with gas central heating.

The North-Western Gas Board last increased prices in January. During the last financial year it made a loss of £1,250,000, a figure which may be more this year, said the board's chairman, Mr. William Hodgkinson.

The rise, he added, would cost a pensioner with a gas fire about 6p per week.

Scope for bank loans still high

BY MICHAEL BLANDEN

THE LATEST figures of deposits and lending by the clearing banks, due to be published at the beginning of next week, are expected to show that the London banks still have substantial spare lending capacity. The figures will cover the first month of the new era of competition in banking, since the ceiling controls on lending were removed with the introduction of the new forms of credit control in the middle of last month.

Besides the normal statistics, details will this time also be shown of the new totals and ratios demanded under the reformed credit control techniques. These include the totals of the banks' eligible liabilities, their reserve assets, and their reserve ratios.

Ratios up

In spite of the efforts made by the banks to increase their lending, their reserve ratios may show a further increase from the figure of about 16 per cent. at which they stood in mid-September, after the banks had subscribed to the special issues of Government stock. Barclays, for example, reckons that it now stands on a reserve ratio not far short of 18 per cent., compared with the minimum of 12½ per cent. they have shown in recent months. But in spite of the banks' efforts, the industrial and commercial sector is still hesitant in moving forward for larger borrowings.

The changes made since the beginning of this month have hardly had time to have any

significant impact on the figures. Barclays claims that its initiative nearly a fortnight ago in cutting its lending rates by 1 per cent. has had a noticeable effect on its customers. The bank has no doubt that it has gained extra business as a result, particularly from the larger companies which maintain accounts with more than one bank and have been inclined to switch their business to take advantage of Barclays' lower rates. On the other side of the coin, the parallel drop in the Barclays deposit rate, to 2½ per cent., had only a relatively small result in the form of lost deposits, more than offset by the generally rising trend of deposits.

At Midland Bank, where the decision was taken to offer rather higher interest rates on deposits of above £10,000 at the beginning of the month, the bank reports that the move has aroused some considerable interest.

Neither development, however, has had time to make its full impact, and particularly will hardly show up in next week's figures, which were made up on Wednesday last week.

The underlying trend of lending appears to have changed little. Loans to the personal sector have maintained the strength which they have shown in recent months. But in spite of the banks' efforts, the industrial and commercial sector is still hesitant in moving forward for larger borrowings.

Esso plans to raise \$100m.

BY WILLIAM LOW

A TRIPLE A borrower that Euro-bond investors have been eagerly awaiting has announced plans to raise \$100m. on the international capital market. Esso Overseas Finance, a subsidiary of Standard Oil Company (New Jersey), will issue \$50m. of 15 year bonds and a similar amount of five year notes.

A spokesman for Morgan and Cie International which is managing the two-tranche offering said: "If we were pricing now the long term bonds would carry a coupon of 8½ per cent. and the notes one of 7½ per cent."

The spokesman's care in selecting his words is explained by the fact that long term interest rates are moving down sharply while the two issues are not due to be priced until November 9. Should the decline continue, it is possible that the Esso interest rates will be reduced. This happened with \$416m.

an Esso offering in September last year.

At the moment the Eurodollar bond market is in a very strong position and the Esso issues should attract a very heavy response. However, there are now over \$230m. of loans on offer, which is a lot even for a buoyant Eurobond market to absorb. Esso raised a total of \$100m. by way of two-tranche offering last March and \$50m. in September, 1970.

SCOTTISH TRUSTEE SAVINGS BANKS

New amounts collected for National Savings during 1970 by Trustee Savings Banks in Scotland amounted to £362m., which represents 87 per cent. of the total Scottish National Savings of £416m.

Conference

arranged by The Financial Times in association with The Institute for Fiscal Studies

TAX REFORM

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Mr J van Hoorn Director, International Bureau of Fiscal Documentation

VALUE ADDED TAX—A CRITICAL ASSESSMENT
Mr Dick Taverne, QC, MP Director, The Institute for Fiscal Studies

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Mr Ralph Turvey Scientific Control Systems Ltd

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CORPORATION TAX AND THE INTERNATIONAL COMPANIES
Mr John Chown Director, J F Chown & Co Ltd

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To be completed and returned to:
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Highlands and Islands

FINANCIAL
TIMES
SURVEY

Aim is to attract industry

By ANDREW HARGRAVE, Scottish Correspondent

The Highlands and Islands, Sea which have given a new dimension to job opportunities in the central growth point of the Highlands, the Moray Firth area.

It is a fortuitous bonanza, of course, which has nothing to do with planning, the attraction of local resources by local effort. Nevertheless, as the spin-off is likely to be substantial, the Board is certain to be involved, as are the local authorities.

While five of the seven-man Highlands and Islands Development Board were changed a year ago, including the chairman (Sir Andrew Gilchrist replacing Sir Robert Grievie), the policy raising the manufacturing content of the region's economic life combined with a vigorous drive to exploit its natural resources has remained virtually unaltered. One might detect a little more urgency in providing loans and grants, possibly to avoid the kind of failures which greeted the reconstitution of the Board; but this, according to Sir Andrew, is due more to the board's growing expertise in "vetting" projects than any deliberate wish to cut back on development.

The phrase of the Board being "a merchant bank with a social purpose" has been coined by Sir Andrew but it could have been applied years before his arrival.

The most promising development of the past year in the Highlands has certainly been the oil discoveries in the North

could be quartzite, a mineral used in alloy steel, of which large quantities have been known to exist at Loch Eriboll, in the North-Western Highlands, for some time. Changing the building up of the fishing fleet alone. Expenditure on processing as well as boat-building, another major aspect of the revival of the industry in the Highlands, comes under

Should this happen, the fishermen would like the U.K. negotiators to press for other types of protection, not only the size of boats and, possibly, the mesh of nets. A limitation of boat sizes to 80 feet would keep the bulk of the Norwegian fleet (the main danger to the Shetland fishermen) from the island coast; but then Norway itself is keen to maintain fishing limits, so this eventuality may not arise.

PROJECTS AND JOBS (First nine months of year)		
	1970	1971
Number of projects	221	234
Financial assistance (£'000)	964.5	1,686.4
Number of jobs	893	768

APPLICATIONS APPROVED AND MONEY SPENT December, 1965, to October, 1971			
	No.	Loan (£'000)	Grant (£'000)
Tourism, catering and transport	458	1,077.2	1,525.9
Manufacturing and processing	260	2,033.9	1,077.4
Others	223	672.2	311.4
Fisheries	290	1,520.1	301.4
Agriculture and horticulture	82	512.2	57.3
Non-economic	205		206.9
TOTAL	1,658	5,815.6	3,480.3

technology and improved transport may be the key to tapping this so far unused mineral.

Another major effort has gone into nurturing those other resources which have for centuries been the mainstay of the Highland economy. It is these resources—fishing, agriculture, forestry—whose protection has become such an emotional flash-point in the debate over Common Market entry.

The revival of the Highlands fishing fleet, particularly in the Western Isles, and the thriving fish processing industry in Shetland owes much to financial help from the Board, which has spent more than £1.8m. since it was set up at the end of 1965

the heading of manufacturing, which has received £3.1m., about a third of the Board's total expenditure, since the outset.

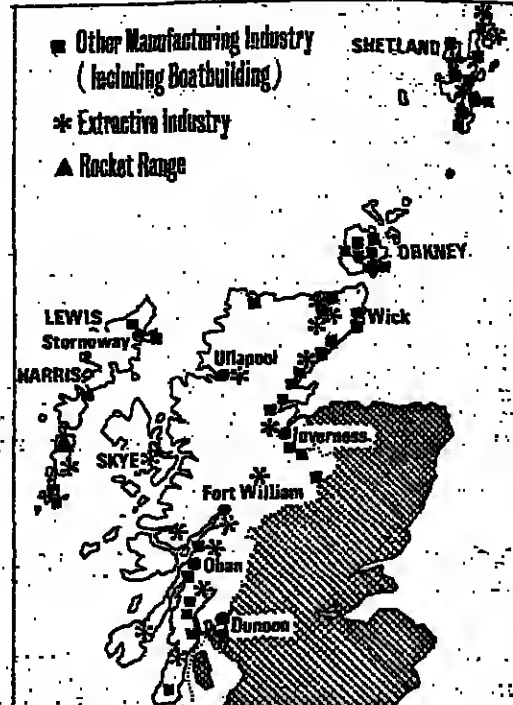
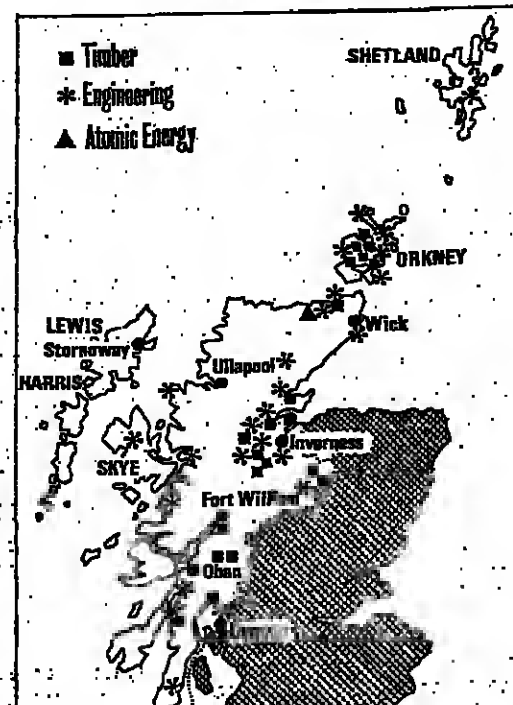
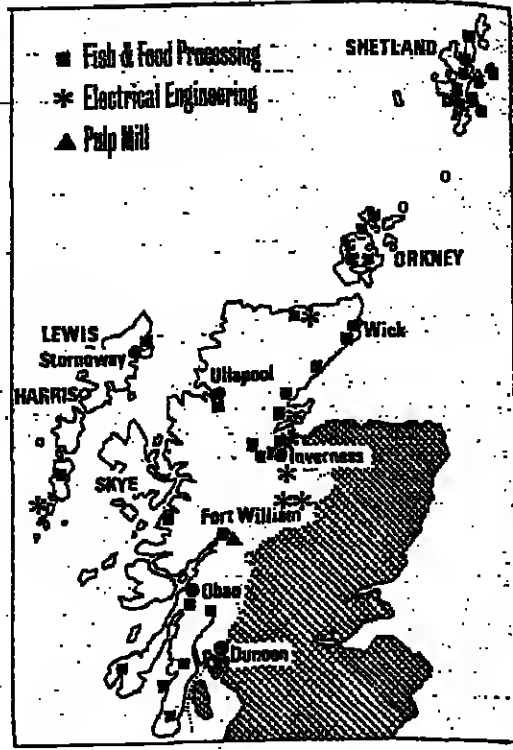
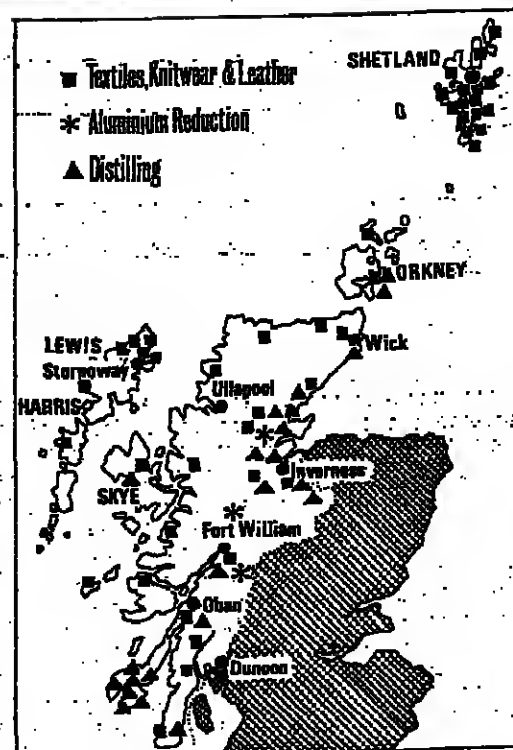
Fishing limits, still to be clarified after Britain joins the EEC, are of vital interest to the fleet. A six-mile limit, which now seems to be the negotiating stance for U.K. representatives, would protect most of the coastline around the Highland area, but not around the islands of Orkney and Shetland. Fishing and processing are a major segment of the Shetland economy, hampered only by shortage of fish which, of course, could become acute if the 12-mile limit were reduced.

Pollution worry

Another unresolved problem is that of operational subsidies, an important part of fishermen's income in lean times, as well as boat-building subsidies. Yet another cloud on the horizon, this time unconnected with EEC entry, is possible pollution from oil rigs, tankers and pipelines. Meanwhile, however, the industry is having a reasonably prosperous time.

The fear of Highland farmers of EEC entry is largely confined to the marginal, hill-farming end (about one-sixth of the total output) and, to horticulture. Wool is a significant item in the hill-farmers' existence, but it is a highly subsidised one which would suffer and possibly disappear altogether if EEC rules made subsidies illegal. On the other hand, the fertile uplands, the plains of the Moray Firth and Calthness and the prosperous and efficient cattle rearing of Orkney (both beef and dairy) are likely to be outright "winners" when Britain enters the EEC.

The horticultural industry is sharply divided about the benefits and disadvantages: soft



fruit is expected to do well while tomato growing may vanish altogether. As for the food processing industry itself, it is on the whole "raring to go."

Manufacturing industry which, as already indicated, has had a major share of the Board's expenditure as well as promotion effort, is still very much in the forefront of activities. (Employment in manufacturing in the Highlands is still only one-third the national average.) The campaign launched a year ago has been retarded by the economic recession and the scarcity of U.K. companies willing to invest and move; but it is being revived to try to encourage indigenous industry, both old and new, to expand. New

industrial estates have been set up and, the Board hopes, infrastructural improvements will support industrial growth when expansion in Britain as a whole resumes. These improvements include roads, transport as well as industrial training. In this last category is the course being run for female textile workers at Stornoway, on the Isle of Lewis, one of the Highlands' unemployment black spots.

Revived campaign

The Board is also contributing to the revived campaign by Inverness Town Council to site a university in the Highlands. In the next five years, it is believed, decisions will be made

for the establishment of new foundations: one in the Inverness area would, according to a consultancy study, result in major benefits for the Highlands as a whole.

Apart from about 500-600 people directly employed at the university, it would also improve cultural facilities, including entertainment, boost further restaurants, cafes and hotels (the tourist industry has been second largest recipient of Board funds after manufacturing); necessitate extra shops, road, rail and air services; and increase the currently low proportion of professional employment.

Continued on next page

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HIGHLANDS AND ISLANDS II

Increasing importance of craft products

by ANTHONY PLEDGER

Browse over the display of they would buy the one man-made in any shop of products put to have been made by the craftsman and women of the Highlands and Islands of Scotland, and there is little doubt that you will quickly discover your own unique hallmark.

Based on a Celtic design, the symbol *Craftmade* is the copper's guarantee that the product to which it is attached is indeed carved, turned, plished, beaten, bent, brushed, woven, knitted or cured in a small factory or craft house tucked away among the glens and lochs.

Although the craftmark was introduced by the Highlands and Islands Development Board at the beginning of last year, its objective is already appreciated by souvenir and gift hunters. Retailers have found it to be a real buying incentive for shoppers anxious to avoid the mass of pseudo Highland produce originating from outside the region, even from abroad.

During the survey among shops to the Highlands in the summer of 1970 they were asked whether, faced with the choice of identical craft items,

intended as an award for quality, although a form of quality control may be introduced at a later stage.

Quality can often be difficult to define, and Mr. Rennie considers that it would be presumptuous for any committee of people to sit in judgment as jury and executioner on standards of work at this stage in the operation. He hopes *Craftmade* will never be applied solely as a guarantee of quality.

Unique form

"The object is to ensure that the consumer can recognise the difference between a locally produced item and that which is imported. I have debated this question of quality at a very high level and, to my way of thinking, the best way of doing it is to establish a mark and then, having achieved this primary objective, it would be a very simple matter to introduce a gold seal of the mark itself."

"With a common mark and a gold seal award we would not then lose out on the efficacy of the mark as a whole, but would have something that we could award to certain people. Such a

thing as this would be in the longer term," he said.

It is true to say that, in one respect, there is already a small degree of quality control involved in the scheme. The craft manufacturer applying for registration to use the *Craftmade* symbol is obliged to give an undertaking that his product is substantially made in the region.

He may have obtained basic raw materials for his work from outside the Highlands, but he is required to guarantee that the value added to the product by his own handling in the Highlands is greater than the value of any work initiated beyond the region's boundary.

The majority of craft workers use locally obtainable materials and very little basic work in the earlier stages of their products is done outside.

Where certain components and findings for, say, jewellery mountings have to be imported from other parts of Britain in reasonably large quantities, the Board will be quick to recognise that in these imported products exists a potential service industry which could be located within the region, thus enhancing to the full the intention of their hallmark of origin and providing jobs where they are doubtless needed.

The production end of the craft market is increasing all the time as more and more people arrive in the region with skills and new ideas to introduce alongside the traditional products of resident craftsmen of long standing. As an example the Balnakeil crafts village at Durness, at the northernmost tip of Sutherland, had only four craft workers living and working in the community last year, whereas there are now nine.

Tourist market

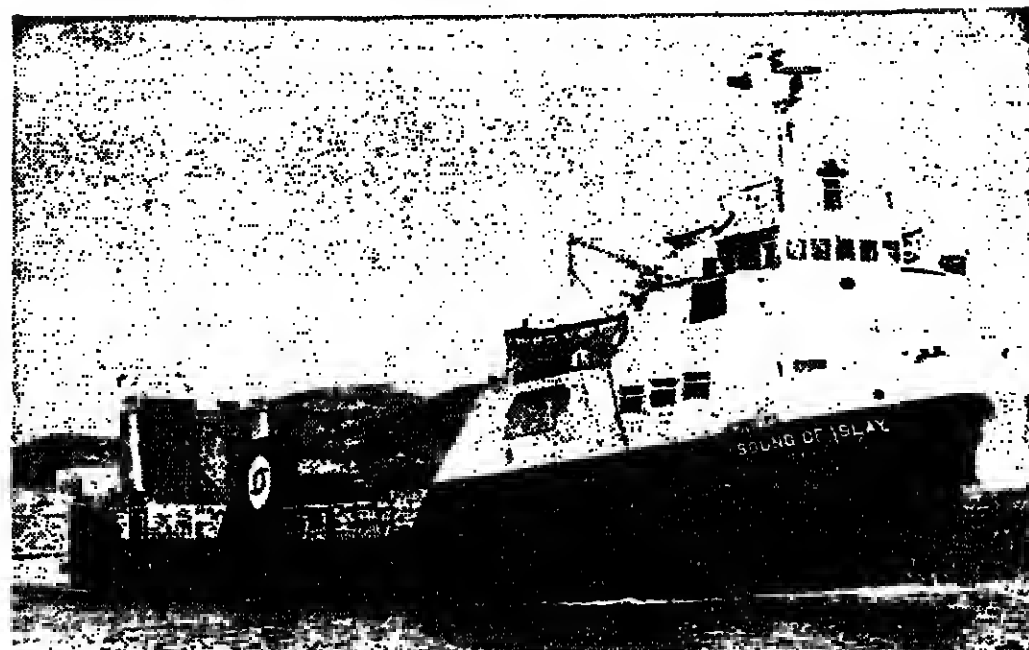
"We are becoming a very attractive area for craft orientated people," says Mr. Rennie. "It is right that this should be the case, because we have all the facilities here based on a very important and active tourist market."

"Any craft industry has got to be related to a tourist market or an expatriot market. In the Highlands it is a rapidly increasing tourist market, particularly so this year both numerically and in the length of the season."

The Highland Board's advertising campaigns in the promotion of tourism over the last five years are coming home to roost in quite a big way and, alongside development they have assisted in providing more accommodation for the tourist, which is sure to benefit the craft trade by increased demand for the real thing.

There is little doubt that almost every visitor to the Highlands and Islands will, at some stage of their holiday or business expedition, make a point of seeking out the shops retailing a wide selection of traditional craft goods. Here they will select something special, something of the Highlands, to take away.

One of the essential charms of purchasing Highland craftwork is the knowledge that, no matter how expensive or cheap that special item may be, whether a stag horn hutton, polished pebble or a hand-made *Craftmade*. Probably too it will be unique in form and colouring, and in this respect quite unrepeatable.



The Sound of Islay, one of the new ferries belonging to Western Ferries Ltd. operating on Scotland's West Coast.

Chairman replies to his critics

By ANDREW HARGRAVE

To say that the arrival a year ago of Sir Andrew Gilchrist as chairman of the Highlands and Islands Development Board was greeted with suspicion by some is putting it mildly. The Highlands is very positive in its attitude, relating the glens and waterfalls to hydro-electricity, the making of aluminium and the chance choice of Dounreay as a site for advanced nuclear research and power generation to the establishment of a community in Thurso, the most northerly town on the British mainland, as modern and "swinging" as any in the South.

Next month he is going to Switzerland to deliver some lectures and, in his own words, "to try to persuade watch manufacturers to use the clean atmosphere of the Highlands to their own advantage."

Sir Andrew is certainly a vastly different personality from his predecessor, Professor Sir Robert Grieve who has been described as a "practical dreamer."

His "style" of running the Board is different, too, and for many months promotion activities were muted, with little blowing of the Highland trumpet. But this, too, is changing once again. Perhaps the prospect of Britain's Common Market entry is the spur, or the oil strike and its spin-off hopes. Sir Andrew has never been the conventional sort of diplomat and may turn out to be just as unconventional as chairman of Britain's only regional development agency. But then the Highlands are an unusual sort of place.

New opportunities

He is also alive to new opportunities for the Highlands in such new developments as the North Sea oil strike. He was very much in evidence, for example, at last week's Oceanex exhibition at Great Yarmouth, "selling" the facilities of the Highlands to prospective suppliers of the exploration companies.

He has also made it his business to get around much of the 14,000 square miles, particularly to places where trouble is looming—such as Stornoway, in the romance is still part of the Isle of Lewis, where several

Industry—(Cont'd.)

Continued from previous page Board is concerned in the revival of not only the economy of the Highlands but the exploitation of its natural resources, the preservation of environment (consistent with economic growth or vice versa) and generally the quality of life. The promotion of a live theatre and, indeed, the contribution to the university campaign are examples of this overall interest.

There are indications that the Treasury, more cost-conscious than perhaps under the previous Government, tends to him that of any other agency measure success in the Highlands by the number of jobs created and the pressure is believed to be on the Board to limit its approval to projects which, by and large, are job-creating and large. It may be that as investment grants, the more of the Board's loans

mature and get repaid (an estimated £800,000 in the current year), this pressure will ease, too, to some extent because of the psychological fillip of partial "self-sufficiency."

Cost-effectiveness is, of course, a laudable aim, though one must keep it in perspective. Since it was founded, the Board has received around £9m. of Government money, an annual average of £1.5m. which would pay for about a mile of urban roadway outside London. It has attracted nearly the same amount in private investment. At its lowest, it has been "conscience money" to the British taxpayer; at its best and most optimistic, it could become a major asset when space, land and water become as scarce as other vanishing assets.

300 producers

Excluding the multiplicity of firms involved in Shetland knitwear and Harris Tweed, there are 300 or more identifiable craft producers in the region to-day, and about 190 of these are registered users of the craftmark.

Harris Tweed weavers have their Orb mark, and the Shetland knitters are being encouraged by the Board to establish a mark of their own, but in the absence of one at present some are in the meantime employing *Craftmade*. Craft products are an increasingly valuable asset to the Highland economy. Pure craft work at the retail end of the business is worth around £1.5m. a year and lumping this together with the craft based industries of tweed and knitwear the figure soars to about £8m.



Where there's muck there's brasses off workers.

It used to be said that 'where there's muck there's brass'.

In one sense, that is still true, but only because most industry is still located in the traditionally industrialised areas.

The conditions which have produced the muck have also produced the drab rows of houses, the dreary streets and the lack of breathing space.

This kind of environment creates the dissatisfactions and frustrations which find expression in strikes, stoppages and absenteeism; ailments

collectively described as 'bad labour relations'.

The results are often shortening order books and falling profits.

Today, hard headed businessmen recognise that a happy worker is more likely to be efficient and reliable, and that his state of mind is quite as dependent on what life has to offer outside the factory gate as on the organisation within.

Nowadays good managers are particularly concerned about the availability of houses, the opportunities

for recreation, entertainment and education, the quality of the landscape and the cleanliness of the atmosphere.

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HIGHLANDS AND ISLANDS III

Rapid expansion planned for the Cromarty Firth

By a Correspondent

By the year 1980 it is more than likely that the area surrounding the Cromarty Firth will have a population of more than twice its present size. It is likely that a series of prosperous and bustling villages and towns will spring up. These will be based for the most part on the existing settlements of Tain, Invergordon, Ainess and Evanston. There will, of course, be expansion of other communities slightly further from the major industrial area east of Invergordon. These communities will be linked by a first-class road system and will be connected to Inverness, the Highland capital, by a new trunk road which is exciting in concept. This road will cross the Cromarty Firth by a causeway and the Beaulieu Firth by a high-level bridge.

Rural city

Thus, the Cromarty Firth can begin to fulfil its role as an important part of the Moray Firth Development Area. This area has been seen for some years now as a superb location for large-scale development in the context of the whole of the Highlands.

The opportunity to create what will amount to a rural city

is being seized upon by the Highland Board and by the local authorities. First-class communications between the communities spread over a 30-mile coastal strip combined with sensitive and sensible planning can produce for the area the advantages which so far have only been present in city-sized population centres. These should include large-scale, first-class shopping and the kind of entertainment and cultural facilities which in the rural areas tend to be significant because of their absence. The retention of the amenity and social values of rural communities in this concept will be achieved by limits being placed on the size of the individual communities and the conservation of country in between them.

The attraction of industry of all kinds to this area is seen as the way to make a better way of life possible for the people of the region who so frequently had to emigrate to find job fulfilment and for those people who will choose to move into this most agreeable part of Britain to make a new life for themselves and their families.

The industrial growth has, of course, begun. The British Aluminium Company's reduction works at Invergordon is now on stream and Brown and Root (U.K.) Ltd. have applied for planning permission to construct offshore structures on a site bordering the Cromarty Firth. This application heralds the beginnings of the development of industry based on what is now being recognised as a major oilfield—the North Sea.

Start afresh

In this area, which has been, up to now, an industrially virgin part of Europe it is possible to start afresh. This provides immediate advantages. In other more urban areas of Britain where industry has been long established the efforts to plan for a better and more balanced way of life are often seriously hampered by the problems of dealing with the existing difficulties inherent in an established community.

The authorities are fully aware of the problems which industry and increasing population have brought to many areas and to the problems which the Cromarty Firth will have to

cope with. However, the positive view is being taken that by using the experience which has been built up over the years in many parts of Europe, the planning expertise and the advance thinking on legislation in Britain, it is possible to attempt to create the best of all worlds.

Mistakes will be made, but it will be inexcusable if they are the same as those which have been made in the past.

No doubt many so-called experts feel that a degree of wishful thinking is involved in this exercise. In fact, when even a superficial study of population growth statistics and of population density (about 1,000 persons per square mile in England but under 20 in Ross-shire) is made it is inevitable that parts of the country like the Cromarty Firth area will have a vital role to play in providing space in which future generations with, it is to be hoped, higher standards, can live.

In anticipation of this inevitable and welcome growth the authorities in the region are preparing strategies for its accommodation. One of the measures involved in this strategy is the seeking of Port Authority status for the Cromarty Firth, so as to be able to control shipping movements in what is probably the best and deepest natural harbour on Britain's East Coast and to be able to promote and control maritime industrial development.

Taking into account the natural advantages this area possesses for accepting industrial development and consequent population growth and also the national population pressures this area will certainly be developed. However, in order to control this growth to produce the best results the attitude of the local population should become less desperate, for it is undoubtedly true that at the present moment, because of high unemployment and low wages, there exist strong temptations to accept any development anywhere. Paradoxically, the way in which to properly control development must be to

attract as much of it as possible soon, so as to remedy the immediate Highland problem.

Consequently, the local authorities with the aid of the Highlands and Islands Development Board and central Government are pressing on with a period of much activity and has great expectations that many new industries will quickly take the opportunity to establish themselves here, thus forming the basis for the controlled development of longer-term expansion.



A woman working on electric generators at Markon Engineering Ltd., near Inverness.

Efforts to promote tourism paying off

By a Correspondent

This morning on the Hebridean island of Barra the Highlands and Islands Development Board will take their latest major step in their development of the tourist industry within the seven Highland counties. At Tangusdale, overlooking the Atlantic, a team, led by a representative from the Board will inspect the location of the Board's newest hotel.

It forms part of a major scheme to introduce top quality accommodation in the western sector of the highland area and the Isle of Barra Hotel is expected to be ready for the 1973 season. The Board launched their scheme for developing tourism very early in their life. The basic idea was to capitalise on the new car ferry services operating in the Western Isles by introducing additional accommodation suitable for to-day's travelling holidaymaker.

Mr. Michael Noble, the Minister of Trade and Industry opened the first of the proposed chain of hotels—the Isle of Mull Hotel—early this summer. Scottish Highland Hotels, the

group to whom the Board leased the Mull project, reported a very good first season.

Their experience there, in fact, seems to have encouraged them for they have agreed to operate the new hotel on Barra on a similar basis. The Board's deputy chairman, Sir James Mackay, announced recently that the contract for the construction of the Isle of Barra Hotel had been awarded to W. H. Rankin Ltd of Sandbank, Argyll. The cost will be just under £300,000.

Such expertise

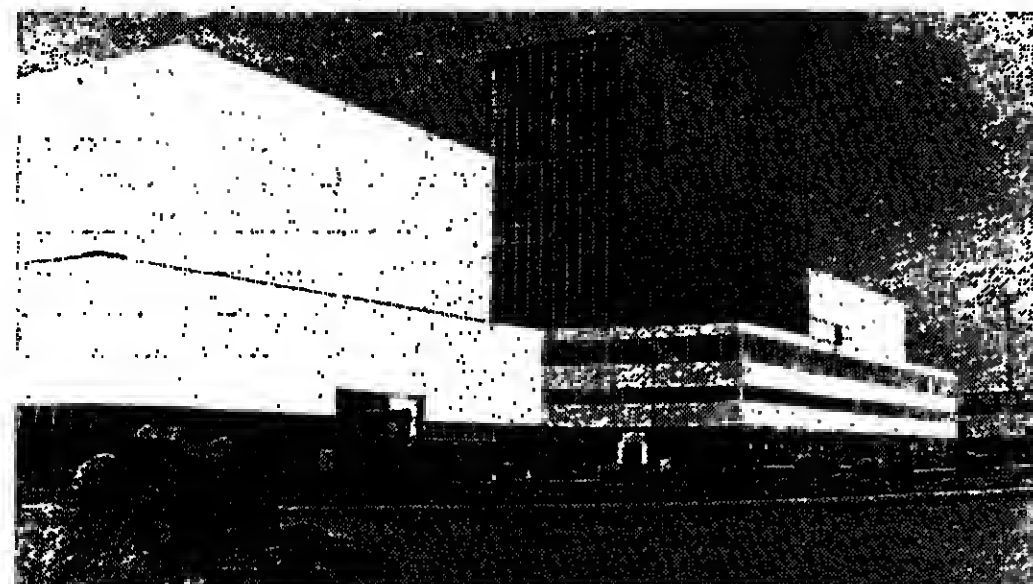
The Board's activities in the development of tourism, however, does not stop with the construction of hotels. Since they were established at the end of 1965 the Board have built up a tourism team of such expertise that it has become the envy of other areas in Scotland.

Their approach to tourism development takes in not only the promotion of Highland holidays but also tackles other problems by encouraging the

development of facilities, accommodation and even sport—resources like sea-angling work and drive exhibited by these organisations and pay a tribute to the co-operation they receive. It is this combined approach to the industry at regional and local level that perhaps most of all, explains the sound health currently being enjoyed by the Highland tourism industry.

This speaks well for the Board's efforts over the past few years. They have always reckoned the development of tourism as one of their priorities and have backed this judgment with their resources of staff and money. The latest available statistics show that, in their six years of work, the Board have assisted over 450 tourism schemes all over the Highland area involving expenditure on their part of about £2.6m.—nearly half of which was by way of loan. This represents about 28 per cent of their total spending within their grants and loans scheme—an effort to attract more investment in the industry in their jobs.

At local level the Board received great encouragement and help from the network of tourist organisations which now cover the entire region. There are 14 of these bodies and each of them is run by a full time official. One of their main responsibilities is to help the visitor but they do important work in other fields—for example, the Dunoon and Cowal organisation has just launched an effort to attract more investment in the industry in their area.



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HIGHLANDS AND ISLANDS IV

Remote areas benefit from fishing revival

By a Correspondent

Fisheries development in the Highlands and Islands rarely gets the attention of other industrial activities such as the Invergordon smelter and the Fort William pulp mill.

It might well be described as the quiet revolution of the past decade. With the minimum of fuss and failure—the work has gone steadily ahead. What has been achieved cannot be appreciated at a glance, for the benefits spread from Campbeltown to the northern tip of Shetland.

Social and economic advantages have been immense. Remote communities that were slowly dying are regaining their vitality as they share in the harvesting of seas rich in white fish, shell fish and herring.

The stocks were there all the time, but the people lacked the boats, the technological aids, the training and the processing facilities to cash in.

The Highland Development Board programme, launched in 1965 as the successor to the Government's earlier Outer Isles scheme which provided training and special grant and loan loans for a nucleus fleet, has made excellent progress.

Such has been the enthusiasm generated that the problem for some time has been in dealing with the queue of applicants for boats and training.

Fish exports

Now, the stage has been reached where the Highlands and Islands provide the major part of Scotland's quality fish exports.

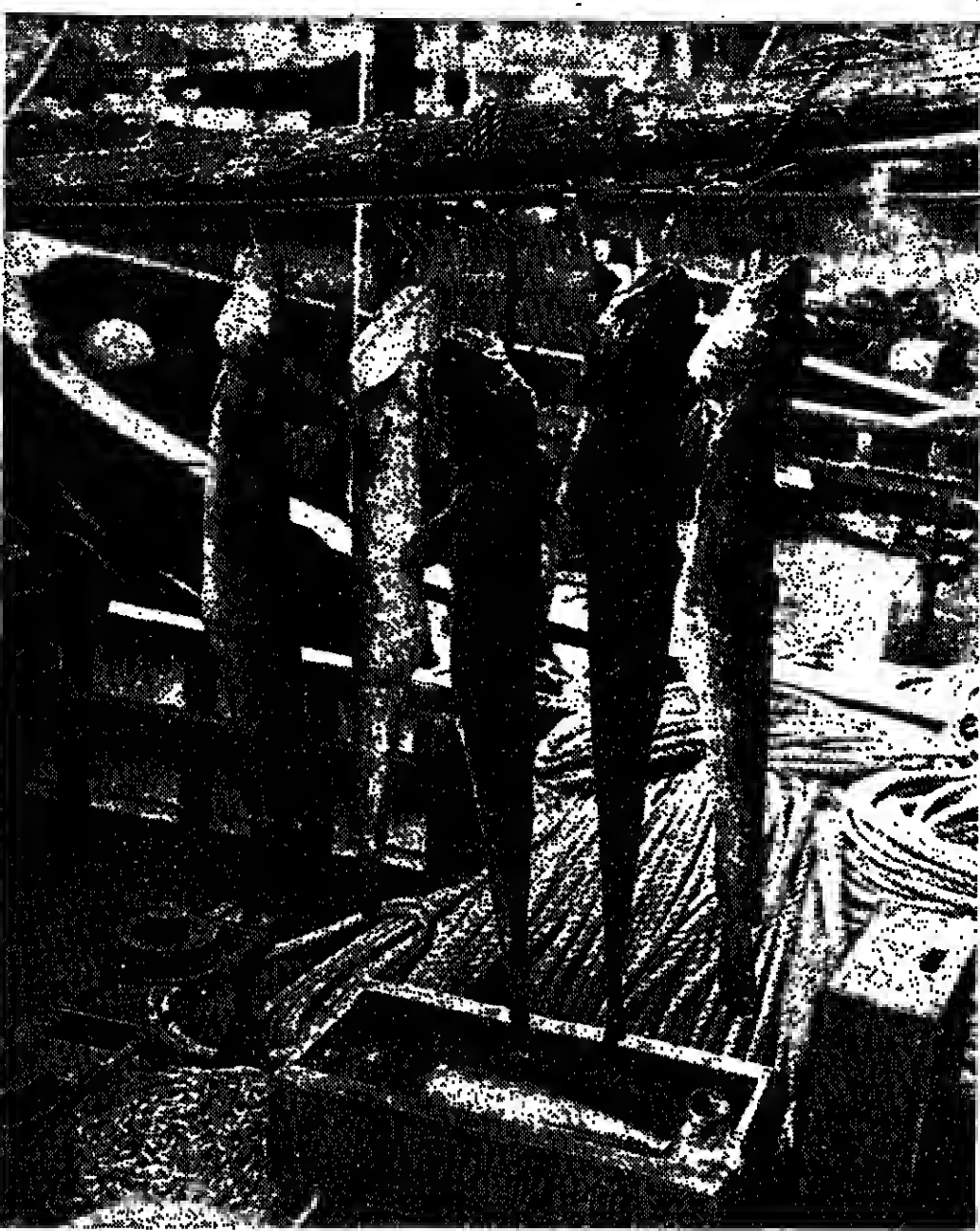
Luxury hotels and restaurants have always received a goodly proportion of their lobster supplies from northern waters, and to their shopping lists they are adding scampi, scallops, crab meat, herring and a range of white fish products.

In the case of herring, Shetland and Minch grounds have become the most reliable source of supply in Western Europe. Most of the kippers that find their way on to the breakfast tables of Britain are of Highlands or Islands origin.

The ports concerned are zombing about a third of the total Scottish catch of all species. This means that this year they will probably be getting a third of £30m.

Not all of this money goes, of course, into the pockets of the local fishermen. Highly efficient crews from Peterhead, Fraserburgh, and the other Moray Firth ports make up a comradic fleet these days, and are to be found wherever there is a good living to be won.

Some operate from west coast ports all the year round, getting home to their families only at the weak-ends. They are the mainstay of the markets in such places as Kinlochhervie, Lochinver, Gairloch, Ullapool, Mallaig and Oban.



These ling were some of the fish caught at the recent European sea angling championships held near Thurso.

Every year, however, the challenge from the native fishermen gets stronger.

Shetland and Stornoway are notable examples of the progress that has been achieved.

Thanks to fisheries expansion, Shetland, once an employment black spot, now has a labour shortage. Apart from the seafarers, there are hundreds engaged in a dozen processing factories, and, during the summer herring season, output can be maintained only by importing student helpers from the mainland.

Orkney has responded more slowly to Highland Development Board stimulus because of its agricultural background, but Orkadians are coming to realise that fishing can be a very valuable addition to the economy.

Prospects for development in all areas are encouraging, for quick freezing has opened the way into world markets. It is

unfortunate, therefore, that at a time when new levels of prosperity are being reached, the decline of North Sea herring stocks to vanishing point clouds the scene.

The fear, everywhere, is that indeed, if Scottish inshore fisheries were sacrificed just only gained in 1964 after years when they are promising such rich rewards.

Secretary of State for Scotland, Mr. Gordon Campbell, who has had his home on the shores of the Moray Firth for many years, has emphasised that the ultimate agreement must safeguard the fisheries.

Similar views have been expressed by Under-Secretary Mr. Alick Buchanan-Smith, who has been representing U.K. inshore fishermen at Brussels.

Nevertheless, confidence has been shaken, and a lot of forward planning in the industry will be held up until the details of the new EEC fisheries pact are revealed.

Inshore boat

A new inshore fishing boat today can cost anything between £50,000 and £100,000, according to size, and even with grant and loan schemes, many skippers are loath to order in a time of such uncertainty.

Promises that vital interests will be protected, and that been shaken, and a lot of forward planning in the industry will be held up until the details of the new EEC fisheries pact are revealed.

Priority being given to conference facilities

By MIKE ALLEN

It is perhaps typical of the Highland character that in the past the area has been slower than some others to appreciate the importance of the conference, symposium or discussion group as a necessary adjunct to tourism especially in an area where there is a need to extend the season.

Inevitably between the summer and winter seasons there is a period when the industry is in the doldrums but in recent years there is every indication that the Highlands not only has come to appreciate the conference as a pillar, but in many respects is more than a step ahead of its competitors in catering for this type of trade.

Many millions of pounds have been spent on new hotels, extensions and developments in the Highlands in the past war period and seldom is any investment undertaken without some provisions being made for some conference facility.

It is a business that is encouraged by the Highlands and Islands Development Board and while the Board cannot offer financial inducements to political, trade union and local government and such like organisations there are certain types of conferences for which their support can take a more tangible form.

The Board has recognised that a conference that is industrially or development orientated has several possibilities as

far as the Highlands is concerned.

Initially, the fact that it brings people to the area means business but at the same time it provides the opportunity, for which the Board is always on the lookout of selling the Highlands to industrialists and developers contemplating setting up new, or looking for sites on which to expand their existing industries.

The Board's scheme, which is exclusive to Highland Conference Centres such as Aviemore, Dunoon, Oban, Inverness and Strathpeffer, could mean direct financial help with accommodation and travel, assistance with entertainment or visits to places of interest and help with speakers.

Best locations

In case this is regarded as misplaced generosity it is money being spent with a purpose. In return for this seeming generosity the Board asks that some time during the conference they should have the opportunity of speaking briefly to the delegates, showing them a short film on the Highlands, and if they like, taking them to visit developments such as the £37m. aluminium smelter at Invergordon, the Lochaber Pulp mill, and some of the smaller industries now established successfully in the region on sites and factories serviced and built by the Board. On the tourist side, there are the fast developing ski and winter

sports facilities of the Cairngorms.

Obviously one of the best locations is Aviemore with its holiday centre and the Ceylumburgh Hotel just about a mile away. Between them they can provide accommodation and a meeting place for well over a thousand or indeed cater for several conferences running simultaneously.

But each of the other selected conference centres can provide facilities for several hundred delegates and perhaps equally important for their wives as well, and all are well served with communications.

Each location is in the heart of an area of great scenic beauty, at the end of the day, there is plenty of opportunity for relaxation and indeed it is the experience of many conference promoters that the off-record talks, arranged during a break in the official business, or during an organised tour, can be as important as some of the business transacted within the confines of the conference hall. Similarly it has been the

experience of most Highland centres that once a conference organisation decide on the Highlands the visit is not only repeated within a very short time, maybe the following year, but on many occasions in after years.

Well served

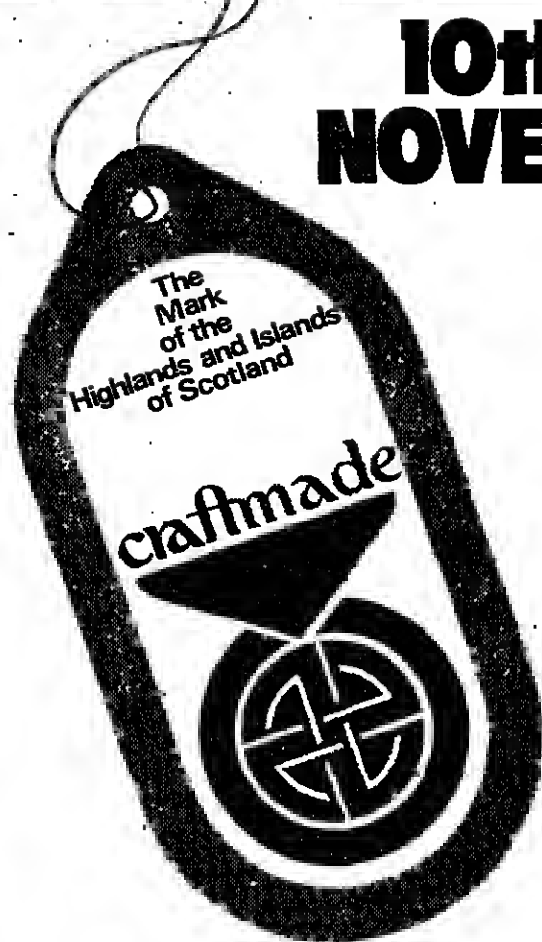
The message that the Highlands are no longer remote and are well served by land, sea, air and road communications now appears to be generally accepted and delegates can even commute from London in the not-too-early morning and rely on being in the Highlands in time for the opening of proceedings in the early forenoon, and if need be they can delay their departure until the end of the day's proceedings and still be back in London in time for dinner the same evening.

Indeed the conference facilities of the Highlands appear to be well known beyond the bounds of the United Kingdom and even international organisations, with speakers and delegates enjoying a world-wide reputation, have shown in recent years that distance alone does not deter them.

It is obvious that the most suitable conference time is the spring or early autumn but, given the opportunity, there are few Highland hoteliers who will turn up their noses at such an opportunity, and delegates can be assured of a Highland Welcome and the kind of hospitality it implies.

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To Director of Industrial Development & Marketing, The Highlands & Islands Development Board, Bridge House, Bank Street, Inverness, Scotland.

Name _____ Title _____

Company _____

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APPOINTMENTS

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Applications should be addressed to:-

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London, EC2P 2DE.

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Merchant subsidiary of London banking house with developing international trade in cement wishes to appoint an experienced executive to take complete charge at this aspect of its operations. Appropriate salary, excellent fringe benefits and possible profit participation. Write with full details to Box A.2318, Financial Times, 10, Cannon Street, EC4P 4BY.

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Write in complete confidence to Sir Peter Youens as adviser to the group.

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A well known firm of Stock Brokers requires an assistant to the partners who has a sound knowledge of U.K. equities. The successful candidate will be aged 26 to 32 and will currently be earning £2,500 per annum. Please write giving age, details of previous experience and present salary to Box A.2306, Financial Times, 10, Cannon Street, EC4P 4BY.

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The identity of candidates will not be revealed to our client without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

PA Management Consultants Limited,
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Knightsbridge, London SW1X 7LE

Rothschild Intercontinental Bank

Rothschild Intercontinental Bank is looking for experienced credit officers for its Credit Department. The vacancies which are in teams specialising in lending into the Americas (North and South) and Europe, have arisen following a restructuring of this rapidly expanding department. The work involves assessment of the creditworthiness of companies, banks and governmental bodies, and the negotiation and documentation of loans.

Candidates aged 23/30 should have a good banking or other relevant background, and preferably some experience in Eurocurrency lending. The appointments will be very well rewarded.

Replies please to:-
A. R. Keeler, Secretary,
Rothschild Intercontinental Bank Ltd.,
16 Finsbury Circus, London EC2P 2JY.

EDUCATIONAL

AMP

For the ninth successive year, in answer to wide interest and demand, a six-week Advanced Management Programme is being offered in Britain from July 2 to August 10, 1972.

It is sponsored by Advanced Management Programmes International, an educational Trust. It will be held at the University College of Swansea.

The faculty group from the Harvard Business School that has accepted the invitation to provide the teaching consists of:

- Professor Harry L. Hansen on Business Policy and Marketing
- Professor Walter F. Fries on Managerial Accounting and Control
- Professor Bertrand Fox on Finance
- Professor Ronald Fox on Organisational Behaviour and Administration
- Professor Charles Christenson on Modern Decision Theory Analysis and the Manager

Guest Lecturers during the Programme will be Professor James J. Healy, Professor of Labour Relations at the Harvard Business School and Dr. W. E. J. McCarthy, Fellow of Nuffield College and the Oxford Centre for Management Studies and Lecturer in Industrial Relations.

The Programme is open to directors and senior executives from the U.K. and abroad.

All participants must be sponsored by their companies or organisations. The fee is £600 inclusive. Up to four entirely free places are offered to Trades Union Officials and teachers of business management.

1972 Advanced Management Programme

open to directors and senior executives

The closing date for applications is January 28, 1972. Brochures and application forms may be obtained from: Christine Colegate, Programme Organiser, Advanced Management Programmes International, 8 Hill Street, London W1X 8DQ. Telephone: 01-629 8464.

APPOINTMENTS

ALSO APPEAR TODAY ON
PAGE 34.

CONFERENCES

PLANNING FOR THE FUTURE IN INDUSTRIAL RELATIONS
11-12 November, 1971

A Conference for Policy Makers, concerned with meeting the rapidly changing situation in Industrial Relations by the formulation of clear company objectives and policies.

Speakers: Prof. Elliott Jaques (Brunel), Roy Sanderson (EETU), Prof. J. E. T. Eldridge (Bradford), Prof. Cyril Grunfeld (LSE, CIR), Jack Beston (TGWU), Rex Winsbury (Fin. Times), E. J. Robertson (Eng. Empl. Fed.), M. Kinchin Smith (BBC), Ted Fletcher (AIC).

Details: Miss Fonda, Management Programme, Brunel University, Uxbridge, Middx. Tel. Uxbridge 30034.

The Executive's World

EDITED BY
DAVID PALMER

Demand for executives lowest since 1959

ELS BETH GANGUIN

MAND FOR executives is at lowest level for 12 years. That gloomy news for out of executives from MSL, the management consulting firm, is the third lowest since 1959. The MSL Index (1959=100), which keeps track of advertised vacancies for executives, fell to 68 during the third quarter of this year. There was a 36.4 per cent fall in advertised jobs for general managers, accountants, executives, research staff, production personnel, over the same period last year. During the first three-quarters of this year, demand, as seen from the MSL Index, has been down by over 30 per cent in the general management category. 43,558 people registered, 23,939 men and 19,619 women. (During the same three months, the P&E Register placed 2,869 men and 353 women in jobs.) And as it

about the pattern of unemployment, we do not know what the needs are," was one comment made to me yesterday. Figures of 70,000 unemployed executives have been handed about. But it is generally admitted that this is a gross guess, and might well include white-collar workers at non-executive levels. The true figure is thought to be substantially lower—but no one knows for sure. The Department of Employment's Professional and Executive Register told me recently that, as a rule, over half of those registering are unemployed. Figures for the second quarter of this year would bear this out: out of a total of 43,558 people registered, 23,939 were unemployed (21,907 men and 2,032 women). (During the same three months, the P&E Register placed 2,869 men and 353 women in jobs.) And as it

But there may just be a shaft of light appearing when pure age is concerned: PA Management Consultants whom I also asked yesterday for its recent experience in the executive placing business, said it had not detected a marked downward shift in the stipulation of age by would-be employers. Indeed, there had been a significant change in attitude—it was more often accepted now that many older, able executives were finding themselves unemployed through no fault of their own. All the same, the increasing complexity of industry has produced a great deal of executive obsolescence, and it might be as well to recognise this as a factor which will continue to affect the unemployment scene. There are a number of experts who would like to see such "unemployable" taken out of the unemployment figures. "You can retrain a manual worker, but with an executive this is not so easy," was one view yesterday. "You should make pension provisions for them, and then be realistic about the situation."

At Harrogate the obsolescence threat caused much concern. "If there is, as some maintain, a problem of manager obsolescence, I would ask if this is really an inevitable phenomenon, or have we created and allowed to exist a system which produces it," questioned the IPM president, Mr. Harold Spear (who is also personnel director of the CEBG). "To my mind the policy for the old at 40 is not only criminally wasteful of a valuable asset, but contrary to the defined requirements for effective managers."

The British Institute of Management in turn is at present "half-way through" an inquiry into the problems of managerial ability and its relation to redundancy. It has a high-powered working party on the job and expects to report sometime next spring. For the present, whatever the true executive unemployment rate may be, the various sources I questioned yesterday all agreed that it is probably going to get worse this winter before it improves next spring. The shake-out has been considerable. There is still lots of excess capacity in industry at the moment, which means that companies, even once that boom arrives, can do without increasing their labour forces for a while.

Witcomb's U.S. bike bonanza

BY PAMELA READHEAD

"I WOULDN'T have got anywhere if my new bank manager hadn't been a racing cyclist," says Ernie Witcomb. Like the other 5,000 or so racing cyclists in the U.K., the bank manager knows the value of a good custom built bike frame. A commodity which Witcomb of Deptford, East London, has been supplying for 20 years.

Last year he sold 1,000 bikes. "Made to measure like a suit." But now, a sudden boom in bicycling in America has sent him into the big time. This month a trip to the San Francisco British Week brought him in £750,000 in orders for 34,000 bikes. He's so excited that he sticks each new envelope to the ceiling.

The entire Witcomb family is involved in bikes. Ernie's wife, Lil, is a racing judge and son Barry has only recently given up racing to work full time in the workshop. He still cycles 20 miles a day.

The lightweight frames are made by hand in the back of the shop by four young men. The shop is a room full of bicycles, parts, tools, and all the paraphernalia of the track. The walls are plastered with news pictures of racers past and present and so is the ceiling. Upstairs the small rooms are piled with sacks of tyres like vast Michelin man.

75% of output went overseas. Witcomb thinks that the British do not appreciate bikes. Except the professionals. Certainly his main market has been overseas for years. Last year 75 per cent of his 1,000 bike output went to the U.S. Next year, if all goes well, it will be nearly 100 per cent, says Witcomb. It began three years ago when the Board of Trade started encouraging Witcomb to export for the Queen's Award (which he has never won). Then someone suggested San Francisco. "It was the first time any of the family had been away for more than five days. We were rather scared at the idea."

Witcomb re-mortgaged his house for £4,000 to raise the



Ernie Witcomb: "bikes are nothing in England."

money for the trip. It was worth it, he says. "We were on TV twice, and radio once. Princess Alexandra came to see us and so did the Mayor of Birmingham." Before the week was over Witcomb had taken orders for 34,000 bikes. And they are still coming in, 25 per cent of the price being paid in advance. "We put it all in the deposit account," says Witcomb, with the air of a small boy at Christmas.

The existing organisation in Deptford is quite unprepared to cope with 50 times its yearly output. So Barry and Ernie are rushing around organising production, and suppliers.

"We've been ever so cheeky," says Ernie conspiratorially. "We sent off a letter to BSA, saying we heard they'd got a bit of over capacity, and would they like to do an order of 50,000 for us." A similar arrangement is being negotiated with BICC, for a minimum order of 600 bikes a week.

The idea is to sub-contract manufacture of mass appeal cycles and to carry on making custom-built racers in Deptford. So far, Witcomb is leaving most of this to his bank and his solicitor. He has been amazed by approaches from three banks and a lone American who raved with an offer of \$1m. "But I'm thinking very carefully about that one. I want to know what's in it for him."

The thought of master-minding the production and sales of fifty times his normal output does not deter Witcomb one jot. "My solicitor is very commercial, but I suppose we will have to call in a full-time accountant," he says. For the time being, he keeps the books himself, and holds orders and specifications on bulldog clips around the office. "And I've arranged for six qualified racing cyclists to supervise the production when we get going in the Midlands."

U.S. mums go back to work

BY A U.S. CORRESPONDENT

AMERICA'S Bell Telephone System, a pioneer in many advanced management ideas, is now trying day care centres as a ploy to get mothers back to work. While day nurseries have been used in other countries to release mothers, the Bell System experiment is the first large scale employer one in America. The women, most of them mature and trained, are needed for telephone operations even though unemployment figures are up. The kind of employees the company wants are not the kind who go on to jobless rolls.

Types of care

Bell is trying different types of care for pre-school children. In Washington, the school is run by a professional nursery organisation, Community Learning Centers. In a different approach the Chicago company is sponsoring foster homes which take in only five children for a day of play. The research project, the company says, is "to determine if child care facilities supported by a company will help retain working mothers of pre-school children and attract other such mothers who would be good employees."

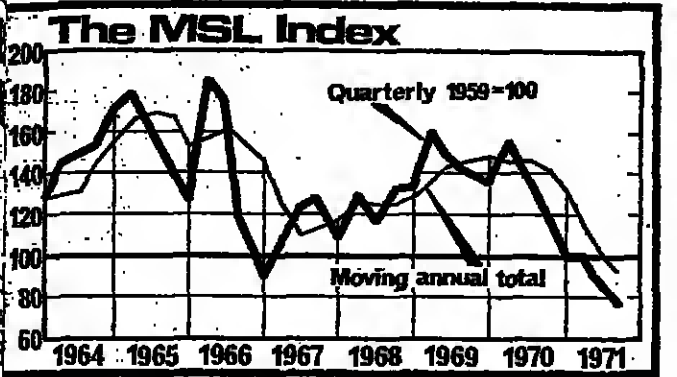
"We're experimenting with the various types of child care to see which one will work best or, for that matter, if any of them work." "We got into day care because studies showed that one of the main reasons we were losing formerly qualified employees was

Feasible cost

"We opened last April and will continue at least through next June 30 on an experimental basis," said Dr. David S. Follen, president of Community Learning. "By that time... we'll know whether a professional group like ours can deliver a quality programme such as the present one at an economically feasible cost level." The Chicago foster home method is less formal. The company picked 300 mothers who agreed to care for up to 4 other children in addition to their own, for the day. Here again, the cost is shared. The two experiments will test the family-size group of five against the school-size group of 100 in the Washington programme.

Business Books

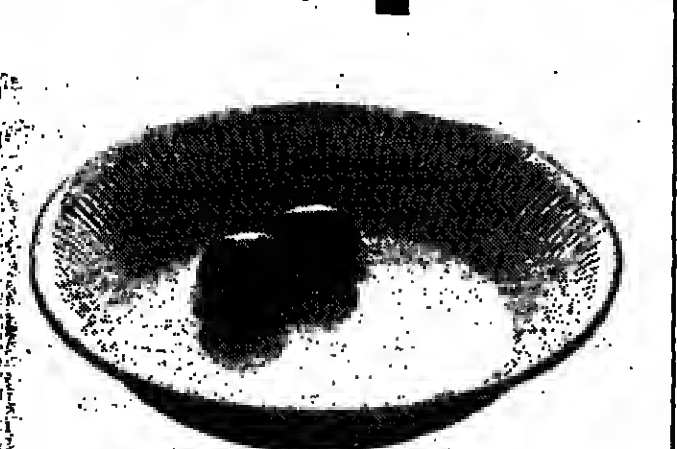
Management, Innovation and System Design, by Ira Wilson and Marjorie Wilson. Auerbach Publishers, £4.50. Develops the theory that innovators are quite different in talents, attitudes and habits from the managers who direct their work. The subject matter is not restricted to the management of research and development processes. **Pricing of Business**, by D. C. Hague, George Allen and Unwin, £5.50. Another case study book, which shows how 13 pricing decisions were taken. The assessment of the strengths and weaknesses of the procedures used by the firms, and the relative importance of economic and organisational factors. A book for businessmen and economists. **The West Group**, by W. J. Reader, Weidenfeld and Nicolson, £3.00. A century history which traces the growth of this massive engineering group from a family partnership to a diversified corporate enterprise. It shows how the group was propelled forward by a number of inventions which greatly increased the efficiency of marine boilers, but then gradually spread its interests into other fields. **Essentials of Organisation and Methods**, by Michael Addison. William Heinemann, £2.25. O and M has been around for a long time among the office workers. This book emphasises the human aspects of the technique.



ter and personnel men, where demand is down by 65 per cent, and 61 per cent respectively. Summarising the picture, MSL says that sales and accounting is building up well; general management shows an average 10 per cent increase in demand. In all other categories demand has been halved since 1970. And it wasn't so good last week's unemployment figures showed a further rise to 3,278 lost jobs to 838,563. Among the males alone the rate of unemployment was 5.2 per cent, and the number of vacancies had again fallen.

No one knows how many executives are included in these figures. The Confederation of British Industry has for a long time been complaining about changes in technology, products, and lack of breakdown in the or trade (20 per cent), and department of Employment mergers and takeovers (17 per cent). "Until we know more cent."

Polish off the olives and depart.



It's far and away your favourite restaurant. The atmosphere intimate, the lighting low, the tastefulness of the decor surpassed only by the tastiness of the cuisine. Enriching aromas waft from the kitchen, the waiters bustle about, balancing plates, wheeling trolleys, nonchalantly setting fire to things in silver salvers.

But something is seriously amiss. You call the wine waiter over. "This wine list of yours, Henri?" you say, "there seems to be no mention of KlosterPrinz on it. That would be printing error, would it not?"

Poor Henri. You're the third person who's asked about KlosterPrinz that evening. He can only stumble out his wretched apologies, "Er, no sir, it's not a printing error, we've been meaning to order KlosterPrinz some time, only..."

"Henri" you reply, drumming your fingers lightly, "well, in view of the fact that KlosterPrinz is a veritable place of Piesporters, deliciously crisp, yet so slightly dry, you leave me no alternative." And without more ado you polish off the olives, rise from your chair, and pleasantly depart. Congratulations. You just struck significant blow for progress.

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Some strategies for Europe

BY BRIAN SMITH*

Any company concerned with trading within the EEC is faced with a major question—what form of organisation should it have?

There are two basic extremes; the autonomous duplicate in each foreign country of the home company—or the treatment of each foreign country as simply an extension of territory to be handled by the product and function heads at Head Office.

The first extreme, which gives full geographical autonomy, is the classic case of decentralisation. The foreign manager reports to the home parent chief executive. The only question here is what functions to retain centrally, whether in the home country or in some carefully situated international headquarters such as Switzerland or Luxembourg. There must be some central control and the classic minimum is central control of overall policies and

objectives, financial budgeting and achievement of budgets, advisory services, and control of capital expenditure. A sound practical example of this pattern which has impressed me most in Europe is that of IIT, both in its emphasis on budgets and its ability to send in central advisory staff when achievement of budget is in doubt, although IIT is by no means alone in this approach.

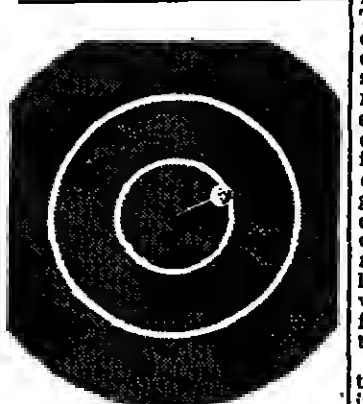
The basic classic pattern of maximum local autonomy with centralised policy, budgeting, finance and advisory services, has much to be said for it. It is easy for new European managers to understand and accept, and while more expensive to set up than some of the other forms it is very effective in terms of development and growth—so much so that in some situations this could be its greatest weakness; the home company may not wish to grow at such a rate.

The other extreme of structure is minimum decentralisation. The foreign manager has local co-ordination and household duties essentially, with a second line of managers directly responsible to the Head Office equivalent. These may be product managers, for example, fertilisers, cosmetics, pharmaceuticals, or functional managers, such as marketing, production, personnel, or a mixture of both. This is virtually an arrangement for foreign landlords in their own countries with home-trained product and function representatives as tenants.

There are examples of all these forms, and many hybrids, in action. IBM, Shell and Philips are examples of companies using the fully autonomous geographic approach. SKF and Fiat are among those companies using centralised functional control over marketing, finance, personnel, Geigy and Sperry Rand are among those using centralised product group control.

With the proper structure settled, what about the staffing question? The choice, for foreign countries is clear—home nationals, local nationals, or third country nationals. The choice of structure affects the importance of the appointments and the number of them to be made. Well trained local nationals are strongly to be preferred, at least in some key positions, despite the problems of getting them, paying them, and training them. The ideal pattern for a new operation is to recruit a bilingual national who goes to the home country for a month or so and then returns to his country accompanied by a bilingual executive assistant from the home country who stays for, say, six months at least.

*Brian Smith is U.K. managing director of PA Management Consultants.



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A MESSAGE FROM THE MIDLAND BANK TO EUROPEAN BUSINESSMEN.

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We believe we are in an unrivalled position to help trade in both directions.

Our involvement with Europe over the years — and particularly our participation in European Banks International Company S.A. — has given us insight into, and personal contact with, business and business methods there.

Our nation-wide network of branches in this country, and such special activities as our ability to introduce suppliers and contacts of all kinds, make us uniquely useful to the European businessman looking to Britain for development.

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anknüpfen oder Exportgeschäfte tätigen wollen. Oder ob es sich um Leasing und Factoring handelt. Unternehmensgründungen. Zusammenschlüsse.

Übernahmen. Expansionen.

Falls Sie sich über uns eingehendere Gedanken machen, wäre lediglich zu erwähnen, dass wir im Jahre 1836 geboren wurden und unsere Gruppenaktiva inzwischen auf mehr als £3.700 Millionen (30 Milliarden DM) gewachsen sind.

Also: Wenn Sie morgen mit Grossbritannien Handel treiben wollen, müssen Sie schon heute mit einer wirklich bedeutenden britischen Bank in Verbindung treten.



Midland Bank

A Great British Bank

Head Office: Poultry, London, EC2P 2BX, England
Overseas Branch: 60 Gracechurch Street, London, EC3P 3BN, England.

Soltanto una Grande Banca Inglese vi può aiutare a porre solide radici in Gran Bretagna.

Ora che finalmente la Gran Bretagna ha preso le sue decisioni a proposito del Mercato Comune, avrete senz'altro bisogno dell'aiuto di una banca inglese.

E non di una banca qualsiasi, ma di una grande banca come la Midland Bank. Una banca in grado di aiutarvi a porre solide basi commerciali e finanziarie nel Regno Unito.

Più di 3.000 filiali, una grande rete nazionale e collegamenti in tutto il mondo: ecco quanto noi della Midland possiamo offrirvi per agevolare ogni vostra operazione commerciale in qualsiasi città o zona industriale inglese.

Ma una banca non è grande solo per il numero delle sue filiali: quel che conta è chi fa funzionare quelle filiali.

Bene, noi della Midland ci siamo assicurati il fior fiore dei "talenti bancari" che si possono trovare oggi in Gran Bretagna.

E per merito loro che possiamo sempre agevolmente districarci nelle operazioni più complesse e intricate.

Dovete ottenere le forme di credito più adatte? Iniziare o condurre affari commerciali su scala internazionale? Ottenere "leasing" e le unità produttive necessarie? Acquistare o fondare società? Venite da noi: risolvere questi ed altri problemi per noi è affare di tutti i giorni.

Se poi volete conoscere il nostro "pedigree", vi diremo che la Midland Bank è stata fondata nel 1836 e che oggi l'attivo del gruppo ammonta a quasi 3 miliardi e 700 milioni di sterline, vale a dire a circa 5.550 miliardi di lire.

Modestia a parte, siamo proprio una grande banca. E se avete intenzione di concludere domani affari in Gran Bretagna, non vi conviene mettervi oggi in contatto con una grande banca inglese?



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'n Grote Britse Bank offreert u graag een voet. Om vaste grond te krijgen in Groot-Brittannië.

Nu Groot-Brittannië dan toch over de EEG een besluit genomen heeft, is de hulp van een Grote Britse Bank zeker welkom. Voor enige raad en baat.

De Midland Bank is een aangename partner, als het gaat om realisatie van zaken in Groot-Brittannië. Dank zij onze bevoorrechte positie.

Met een totaal van meer dan 3000 bijkantoren, inclusief de kantoorruimten door gans Groot-Brittannië, plus vestigingen en kontakten over de hele wereld, kunnen wij uw zakelijke expansie sterk ondersteunen. In welk oord of industriegebied u zich dat maar wenst.

Niet alleen de vele vestigingen bepalen het bestaan van een bank. Meer nog doen dat de mensen.

Welnu, wij hebben de knapste koppen uit de Britse bankwereld aangetrokken. Door hun capaciteiten kunnen wij ons verdiepen in vele moeilijke en complexe vraagstukken.

Zoals: het creëren van de meest geschikte kredietvorm. De opzet en behandeling van internationale bedrijven. Maar evenzo: dienstverlening op het gebied van leasing en factoring. Bedrijfsvestiging. Advies bij fusies. Overname. Uitbreiding.

En mocht u zich willen verdiepen in ons verleden? De start staat genoteerd in het jaar 1836. Nu, anno 1971, beschikt de Midland Bank over activa van bijna 3.700 miljoen Pond Sterling. Oftewel 31.413 miljoen Gulden.

Wilt u morgen zakelijk houvast krijgen in Groot-Brittannië? Dan is het geen gek idee om vandaag een Grote Britse Bank in de arm te nemen.



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MIDLAND multi-national banking partnerships span the world

Midland's International Role

MIDLAND BANK put a multi-national map on British banking in 1964 when established Midland and International Banks Limited (MAIBL) in partnership with Standard Bank, Toronto-Dominion Bank and the Commercial Bank of Australia. MAIBL, the first of the multi-national banks, meets all the various requirements for medium term international banking services in London. A concept, new in 1964, has since been widely copied by other financial institutions.

Midland Bank was also the first of the London clearing banks to operate in the foreign exchange market, and has since been a leader in handling foreign exchange, including foreign exchange. It has a major share of the international business dealt with in the City's banking and is to the fore in the now very important Eurocurrency markets.

With its network of 20,000 correspondents banks overseas, Midland Bank has a continuing dominating position as an international bank in London. From this position Midland Bank Group guarantees its customers a first-class, fully comprehensive financial service throughout the world.

Midland is, in fact, 'at home' to customers on a global basis and that the facilities which it provides are of the character of an international stop bank.

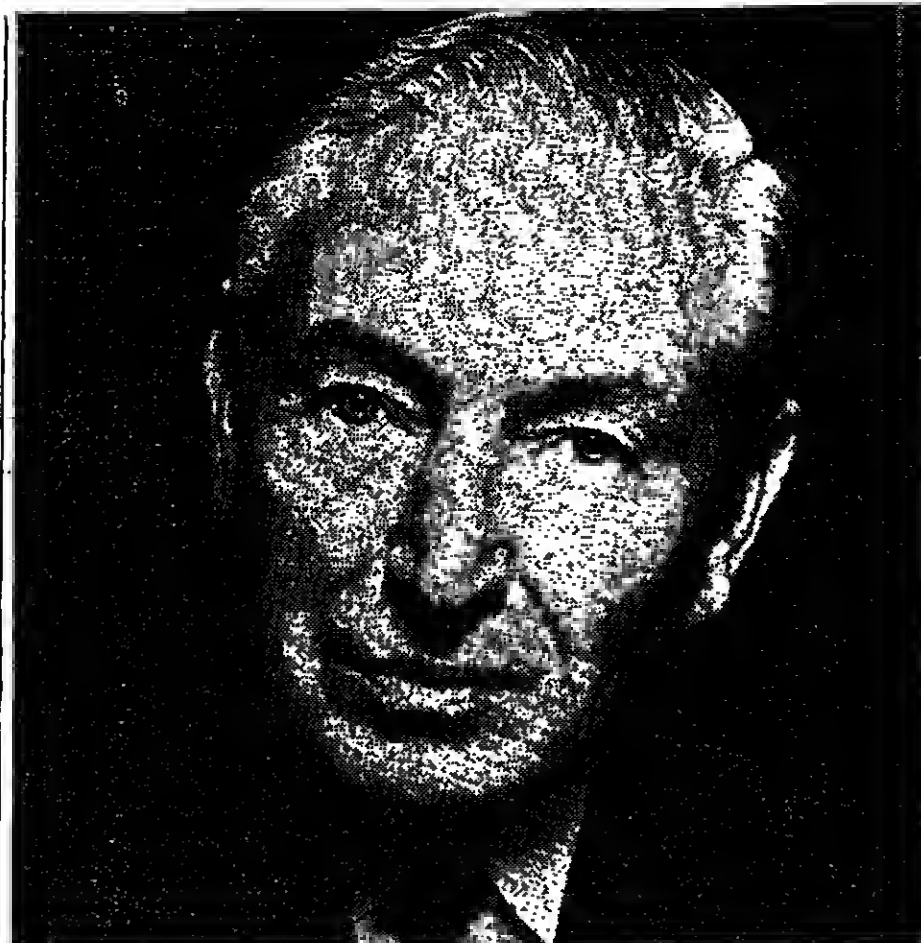
Anticipating the growth of international banking, the Midland Bank has quietly strengthened its position and the world by a series of alliances with other leading banks. This began in 1963 with the formation of the European Advisory Committee (EAC) in association with three major European banks and which has now been expanded to embrace five of Europe's leading banks in addition to the Midland.

This grouping led to the establishment in 1967 of Banque Européenne de Crédit à Moyen Terme (BEC) in Brussels to improve the facilities available through European capital markets for medium term loans for industrial projects. Today all member countries of the European Economic Community and Austria are represented in BEC, and the six banks of EAC have set up their jointly-owned management company, EBIC, SA, in Brussels to co-ordinate and develop their joint operations.

Largest in United States
In 1968 EAC set up the European-American Banking Corporation and the European-American Bank and Trust Company in New York, constituting the largest foreign-owned banking operation in the United States.

In 1970 Midland Bank and its three original EAC partners joined forces with United California Bank of Los Angeles, Commercial Bank of Australia and Fuji Bank of Japan in setting up in Melbourne the Euro-Pacific Finance Corporation Limited. Another outcome of the Midland Bank's relations with the other EAC members has been the establishment of jointly-operated representative offices in Djakarta, Johannesburg and Toronto.

Midland Bank takes pride in its reputation for setting standards for others to follow. Companies and individuals who wish to grow internationally will surely do so with this Great British Bank. There is indeed no better way.



Sir Archibald Forbes, GBE, Chairman, Midland Bank Limited; President, British Bankers' Association; Chairman, Committee of London Clearing Bankers.



Leonard C. Mather, Director and Chief General Manager, Midland Bank Limited.

Powerful links in Europe

In 1963 a loosely knit but powerful alliance was formed between the Midland and three leading continental banks by the setting up of a European Advisory Committee. As a result, working contacts with Amsterdam-Rotterdam Bank, Deutsche Bank and Société Générale de Banque have become considerably strengthened. EAC was further enlarged in 1971 when Société Générale (France) and Creditanstalt-Bankverein became members.

A direct outcome of this international relationship was the formation of Banque Européenne de Crédit à Moyen Terme (BEC) in 1967. BEC was established by Midland Bank in Brussels in collaboration with its three EAC partners and Samuel Montagu & Co. Ltd., one of London's leading merchant banks in which Midland Bank has a participation. BEC's principal function is to provide medium term development finance both in Europe and internationally.

The French banks Société Générale and Crédit Lyonnais together

with Banca Commerciale Italiana and the Austrian Creditanstalt-Bankverein have since joined BEC which fills an important gap in the range of credit facilities available in Europe. In the four short years of its existence, BEC has shown an impressive growth rate.

In October 1970, European Banks' International Company, SA (EBIC) was formed in Brussels by the members of EAC. This was a logical development of the loose association of EAC which at the same time has enabled the Midland to broaden further its base of growth.

EBIC is the management vehicle which administers the various joint operations of its members and co-ordinates their forward planning. In addition to promoting common activities, EBIC provides joint facilities for international trade and finance. It is particularly concerned to offer faster and still more efficient services to customers, especially multi-national companies.

EUROPEAN PARTNERS

MIDLAND BANK LIMITED	represented by L. C. Mather E. J. W. Hellmuth
AMSTERDAM-ROTTERDAM BANK NV	J. R. M. van den Brink C. F. Karsten
DEUTSCHE BANK AG	W. Guth F. H. Ulrich
SOCIÉTÉ GÉNÉRALE DE BANQUE SA (BELGIUM)	P. E. Janssen R. Alloo
SOCIÉTÉ GÉNÉRALE (FRANCE)	M. Laure J. Richard
CREDITANSTALT-BANKVEREIN (AUSTRIA)	H. Treichl G. N. Schmidt-Chiari

MAIBL: Link with the Commonwealth

In 1964 the Midland introduced a new concept into international banking which has proved to be a continuing success. This was the formation of Midland and International Banks Limited (MAIBL) by Midland Bank partnership with the Commercial Bank of Australia, Standard Bank of Toronto-Dominion Bank. MAIBL is created to help match the grow-

ing complexity and scale of international financial operations and, in particular, to extend the Midland's link with Commonwealth countries. MAIBL operates outside the normal framework of commercial bank lending. It provides finance in sterling or foreign currencies and can finance internationally large scale development projects.

Comprehensive Banking Service in North America

Midland Bank has been in New York City since 1945, firstly as a representative office, then as an agency and more recently as a full branch. In May 1968, together with three leading European Banks (Amsterdam-Rotterdam Bank of Holland, Deutsche Bank of West Germany and Société Générale de Banque de Belgique) the Midland set up on Wall Street the European-American Banking Corporation and its associate European-American Bank and Trust Company, into which it has gradually integrated its branch activities. In mid 1971, Société Générale de France and Creditanstalt-Bankverein of Austria joined EAB and its associate company. These two U.S. organisations, which also have two up-town branches, specialise in financing international trade, principally with European countries, and provide complete banking services to United States and foreign customers.

On the staff are senior officials seconded by the member banks from Britain, Germany, Holland and Belgium, and now France and Austria. Consequently, American customers can be kept fully briefed on developments and opportunities in Europe, while European clients can receive the same service for their North American business interests.

In 1969, a branch office was opened in Nassau, Bahamas, and a subsidiary, European-American Finance (Bermuda) Limited, in Bermuda.

In the Caribbean

Through its shareholding in the Bank of Bermuda Limited, Midland Bank provides financial services relating to both the sterling and dollar areas not only in Bermuda itself but also throughout the Caribbean. Bermuda has, of course, many tax advantages for creating offshore companies and trusts.

Merchant Banking services available in Malta

The Malta International Banking Corporation Ltd. was set up in 1969 by Midland Bank in partnership with Standard Bank, National Bank of Malta and Samuel Montagu & Co. Ltd.

MIBC provides a merchant banking service from Malta. Its activities include a full range of investment services, taking deposits, lending to corporate customers, and issuing guarantees.

European Enterprises Development Co.

As another link in its European chain, Midland Bank was the first London clearing bank to take a shareholding in European Enterprises Development Co. SA. Based in Luxembourg, EED provides risk capital plus active managerial assistance for the creation of new companies or the expansion of existing ones, which are developing new or improved services or techniques. The companies are financed by equity capital, which is sometimes supplemented by a long term loan.

Euro-Pacific Finance Corporation established in Melbourne

The Midland was one of the seven leading banks which formed the new international finance group, Euro-Pacific Finance Corporation, in Melbourne in July 1970. With the increasing importance of the Pacific Basin in the world of finance and investment, this was a logical step in the extension of the Midland's international activities.

The main purpose of the Corporation is to provide loan finance to assist in the development of enterprises in the Pacific area. Initially activities are being centred on Australia, but it is planned to expand these to cover the whole Pacific area. Euro-Pacific Finance Corporation aims to provide a complete range of financial services. Its major sphere of activity, however, is short and medium term finance.

EPFC plans to use local and world money market funds to provide finance for Australian companies or Australian subsidiaries of U.K., European and other overseas companies.

Acceptance facilities and bridging finance are available for short term finance. Medium term finance is available by way of loans. Particular importance is attached to the large scale financing of capital projects.

Representative Offices

As part of the Midland's international operations, representative offices have been established in Zurich and in collaboration with its EAC partners, in Johannesburg, Toronto and Djakarta. These offices are headed by bankers well versed in all aspects of international trade and finance. They are there to advise on export and investment problems in the countries concerned.

Investment in Asia and Africa

Midland Bank is a member of two of the most important multi-national investment companies in Africa and Asia. The Bank is the largest U.K. shareholder in Sifida Investment Company SA which undertakes and promotes private capital investment in independent and developing African countries. In Asia, the Midland is the first London clearing bank to become a member of the Private Investment Company for Asia SA (PICA).

SPOTLIGHT PUBLICATIONS

As an aid to businessmen, Midland Bank publishes regularly booklets and leaflets on various aspects of international trade. Business opportunities in specific overseas markets together with matters of topical interest are dealt with in the Spotlight series of publications. The booklet 'Setting up in Britain' offers advice to foreign companies wishing to establish subsidiaries or branch offices in Britain. It contains brief details on subjects such as company formation, taxation, incentives, exchange control and possible sources of finance. A sister booklet 'Setting up in Europe' is designed to help British companies which are establishing a subsidiary company on the continent.

These two booklets and the Spotlight series of publications can be obtained free of charge from any Midland Bank branch or by writing to: The Panel for Overseas Trade Development, Midland Bank Overseas Branch, 60 Gracechurch Street, London, EC3P 3BN.

Midland Bank Review, a commentary on economic matters of a more general interest, is published quarterly. Enquiries concerning the Review should be addressed to: The Manager, Economics Department, Midland Bank Limited, Poultry, London, EC2P 2BX.

The Bank's telex number is 888401.



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Midland money services

Alongside the rapid expansion that has taken place in its international activities the Midland Bank Group has been building a wide range of institutions which all play a part in providing a full and well integrated financial service. These U.K. based enterprises include:

Midland Bank Finance Corporation

Formed in 1967, MBFC now holds substantial deposits in sterling and foreign currencies. The Corporation provides loans at medium term for development expenditure, having a special interest in major capital projects.

Forward Trust

is wholly owned subsidiary of MBFC. It has more than eighty branches in key areas covering the United Kingdom, and provides specialised facilities for industry and the consumer. These include hire purchase and leasing for capital equipment; instalment credit for home improvements and car purchase; check discounting arrangements for retailers; and a broadly based financial support for the motor trade.

Montagu Trust

Midland Bank has a third shareholding Montagu Trust, which owns Samuel Montagu & Co. Ltd., a leading London merchant bank. Through this shareholding, Midland Bank can provide its customers with merchant banking and also insurance services.

Midland Montagu Industrial Finance

Midland Montagu Industrial Finance specialises in providing capital and strategic management assistance to private companies with first class growth prospects. A participation in the equity always part of the financial package.

Midland Citibank Factors

In 1970 Midland Bank formed Midland-Citibank Factors with First National City Bank of New York to provide a factoring service centred in London.

Clydesdale Bank

This wholly-owned subsidiary operates in Scotland from its Head Office in Glasgow. The Clydesdale has 360 branches, including four in London.

Northern Bank

Another wholly-owned subsidiary, Northern Bank was brought about by the merger of the Belfast Banking Company and the Northern Bank in July 1970. The bank has 376 branches in Northern Ireland and the Irish Republic.

Midland Bank Executor & Trustee Co.

Established in 1908, the Executor and Trustee Company has 40 branches throughout the U.K. and handles funds exceeding £1,000 million. It acts as trustee to over 70 unit trusts, administers estates and settlements and manages investment portfolios. It also deals with personal tax problems and looks after company pension funds.

HELPING THE BUSINESSMAN

All the banking services of the Midland Bank Group are available to the businessman - whether his interests are in the U.K. or anywhere else in the world. Specialised services of particular interest to businessmen cover:

- Export finance for varying terms.
- Foreign currency lending.
- Mergers and flotations.
- Insurance of all kinds.
- Information on markets, and UK and overseas trading conditions.
- Advice on methods of payment, foreign exchange, credit insurance etc.
- Names of buyers or agents abroad interested in British exports.
- Status reports on overseas companies and individuals.
- Advice and help with setting up subsidiaries and other business links.
- Advice on documentation and financing of overseas trade.

Finally, of course, Midland Bank Group will lend in sterling and currency on a flexible basis for a variety of purposes and at periods ranging from demand up to seven years and longer.

BRITAIN'S INFLUENCE IN THE EEC

BY DAVID WATT, Political Editor

A united pressure group in world affairs? Sir Alec Douglas-Home, British Foreign Secretary, flanked (left to right) by Sig. Salizzoni of the Italian Foreign Ministry; M. de Lippkowski of the French; M. Thorn, Foreign Minister of Luxembourg; M. Harmel, Belgian Foreign Minister; Mr. de Koster, now Netherlands Defence Minister; and Herr Moersch, West German State Secretary for Foreign Affairs.

New forum

Similarly, all the rhetoric about "Britain's voice" being "heard again" and "regaining respect" arouse nostalgic expectations which are most unlikely to be fulfilled—at any rate in the form in which many of the Government's audience may be encouraged to imagine. If Britain's voice is to be "heard again," it will necessarily be in a different forum; it will be saying very different things, and it will be mingled with others.

To this criticism I imagine Ministers would reply that if Ministers are not allowed to preach the gospel in these terms there is not much left for them to say. People, they might protest, are not prepared to be converted or terrified on the (correct) basis that sustained economic growth is nearly (though not quite) as problematical within the Market as outside it, that if growth is

The short answer to this question is that since such a profoundly truthful prospectus has never been tried out, one cannot tell what its effects would be if it were. To this I would add the further points that for my own part I enthusiastically

If indeed this belief is prevalent within the Cabinet, it is an important and dangerous phenomenon, for it would tend to reinforce the impression which a good many civil servants now have—that the Prime Minister is about to make the same mistake as General de Gaulle and to believe that one member of the Community can use it as a base of operations for Third Force power politics.

A delusion

This notion is obviously a delusion if one is thinking of British foreign policy as a separate entity, as Professor Hedley Bull points out in the latest issue of *The Round Table*. Membership of the EEC is likely to increase the pressures on Britain to wind up her world role in defence and diplomatic "influence" terms, rather than to provide a realistic base for the kind of operations which General de Gaulle favoured.

notable lack of success in the Middle East, in East-West relations and in Latin America.

More plausible is the notion of Britain as the leading originator of a genuinely "European" foreign policy. Perhaps this is what Sir Alec had in mind when he talked at Brighton about "the authority with which Britain can speak and the influence we can command in the councils of Europe."

mand in the company of friends and neighbours"; and what Mr. Heath meant when he talked about "the rough winds" now blowing from the direction of the U.S. and about associating ourselves with the EEC in order to protect ourselves from them. But even here considerable caution is needed and a very clear distinction between what the enlarged Community can and cannot do under British pressure or influence.

It cannot hope to become a major military power. It is too small for that.

not sufficiently homogeneous demographically to take on the super-powers in the nuclear business. It cannot afford to quarrel actively with the United States or to give up its nuclear protection. It cannot (pace Mr. Richard Mayne) go for even enlightened Palmerstonian policies in the under-developed world. It is most unlikely to wish to play a united "great power" role of even a modest kind in

What the EEC can do, if its members are very persevering, is to form a united pressure or bargaining group vis-à-vis the U.S. in matters of defence, trade and monetary policy. It can co-ordinate its policies in many fields relating to its neighbours immediately to the east and south. It can save itself, and incidentally the U.S., a good deal of money by joint arms procurement, defence training and logistics. It can

Unheavals

What we are trying to do is joining Europe is first to take out an insurance policy against economic and political decisions being made in Europe on our participation, secondly to try to profit. We came from a closer industrial association with Europe; and thirdly to build up, painstakingly and slowly, some kind of co-operative European policies towards the rest of the world. The process of trying to secure all these objectives is modest (though they are, is going to involve us in vast psychological and perhaps social upheavals—that is if it is to be successful. But there is nothing inevitable about it.

Last night's vote and the subsequent legislation will do no more than give us the chance to make the enterprise successful; and if we are led to believe that the end result will be anything remotely like our traditional effortless pre-eminence, we shall

Council manual pay offer rejected

Government pay strategy. Holding increases below the 10 per cent level is now under heavy pressure from more than 100,000 workers in hospitals, mines and local government.

The fastest group of workers to reach their targets answered with an offer below the Government ceiling are 807,000 council manual workers, who last year staged the "dirty jobs" strike.

Yesterday they were offered a 10 per cent package of £1.20 a week or £1.20 for 20 hours and £1 for women working full time plus an improvement in holidays.

Mr. Alan Fisher, general secretary of the National Union of Public Employees said later: "We were totally rejected. We detect the heavy hand of the Government behind the offer."

The accusation was rejected by the employers, who said the offer was a "very good one" compared with the 19 per cent demands of the unions, which would have cost £115m. and would have added 2p to the rates in England and Wales and 4p in Scotland.

Unions' claims for a threefold pay-off following agreement which, if said, would be "grossly inflationary." They argued, too, that it was not the answer to the employers' wage and interest problem. They wanted to discuss with the unions the possibility of a minimum earnings level.

Unions leaders said later that the minimum earnings guarantee was a "grossly inflationary" and told the employers they were not prepared to abandon their claim on the threshold clause.

They said they would have to consider the possibility of breaking off national negotiations and seeking deals with individual employers. But this, they happened to a limited extent during the "dirty jobs" strike last year—if the current negotiations did not produce a satisfactory settlement.

The local government workers, the miners and the hospital ancillary staffs, all with offers of under 8 per cent, in reply to claims ranging from 19 per cent to 47 per cent, total more than 1.1m. workers. Last year the hospital staffs got £2.50 after the Scamp inquiry into their strike, and that settlement was criticised by the Government as "inflationary."

None of the union leaders was prepared to commit himself to the threat of militant action yesterday. They will first report to their members before returning to the employers, on the understanding that the present offer would not even a basis for negotiation.

But the threat of a national bakery strike, remained last night after talks between the Bakers' Union and the employers failed to produce a settlement. The union asked for an increase of £3 to £5.50 a week on basic rates and has been offered £2 for men and £1.75 for women. The basic rates at the moment are £3.25 for men and £2.75 for women. Further talks will be held next week.

MAJOR row over the TUC's policy on registration is certain to erupt this week at the Electrical and Plumbing Trades Union's conference, when the executive committee is likely to move to take the decision on the new register act up to the Industrial Relations Act.

There are a number of motions now demanding support for the TUC policy, which is that all member unions should come off register, and demanding like action to have the legislation repealed.

But the executive has decided that if any of the motions are successful, despite its opposition will not accept the result and will call the union's 420,000 members to a referendum.

The executive's decision takes the union perilously close to defiance of TUC policy. But the EPTU executive is unlikely to be called to explain its decision—as are other unions who also appear to be disobeying the TUC instruction to come off the register or some time.

The executive can argue that it is not in a position to follow TUC policy until it has consulted its members. This will take at least two months, when the union would have decided on a new policy. The reason because, like a number of other unions, its existing rules state that it should be registered.

The union is holding a special rules revision conference next week, but there is no opportunity for the 700 delegates at that conference to change the rules that state the union will be registered.

2,500 sit in at Chrysler Linwood plant

By Andrew Hargrave

GLASGOW, Oct. 28. PRODUCTION came temporarily to a halt at Chrysler's Linwood plant this afternoon when 2,500 members of the National Union of Vehicle Builders organised a "sit in" over the sacking of one of their colleagues.

Work was to resume at the nightshift to-night after a compromise reached between the shop stewards and the management, who said to reinstate the man, but not at his original workplace, was accepted.

The management will shortly have talks with the national executive of the union over the interpretation of a clause in the procedure agreement for the avoidance of disputes. It is understood the man in question was dismissed after several warnings about absenteeism.

Other Labour News Page 34

HR-Gas Council-Amoco North Sea exploration group has been authorized to drill a second well at the site of a promising oil discovery made two years ago on block 22/18, off Aberdeen.

The original well tested oil at a rate of 2,000 barrels a day but detailed evaluation was prevented by bad weather and the group was uncertain about the size of the find.

A semi-submersible rig, Sedco 65F, has been brought in and the group is drilling at a different place on the structure, about six miles north of the previous well, in an effort to gain clearer knowledge of the field's characteristics.

A field in this area of the North Sea would have to be sizeable if it were to prove commercially exploitable and the group will probably need several more wells to prove the extent of reserves, even if the present well is successful.

Amoco (U.K.) Exploration, a subsidiary of Standard Oil of Indiana, acts as operator for the group, which includes the Gas Council, Amoco, Shell and Texas Eastern. The consortium is already producing gas from the Indefatigable and Leman Bank fields off Norfolk, which it shares with the Shell-Esso partnership.

Current capacity of the two fields is 1,500 m. cubic feet a day and this is expected to build up to 2,000 m. c.f.d. by early 1973.

ATER, Walker Insurance has announced three new life insurance policies which could all surprise the savings industry, since the group comes out firmly in favour of the traditional type of contract. There has been speculation for some time to the likely nature of SW's plans, but it was widely expected that the group would adhere to now popular unlinked principles—possibly with a property fund.

In fact, SWI has created a conventional life fund which will invest in equities, property and fixed interest. The policies differ from the orthodox with no dividends will be based on premium and will be determined by the performance of the underlying assets over that period. This represents a radical simplification of the existing system which declares dividends according to actuarial projections on the sum assured.

Mr. Malcolm Robinson, agency marketing director, said at a Press conference yesterday:

"We have felt that a serious attempt should be made to re-introduce those basic elements of security which extensive market research indicates the majority of savers seek as a first priority, and at the same time greatly simplify the structure and presentation of the life assurance/savings principle."

BOAC TO EXTEND 747s TO EUROPE, AUSTRALIA

BOAC is to extend its Boeing 747 Jumbo jet services this autumn to Europe, Africa, the Middle East, the Orient and Australia. This follows the airline's extension of its service to 177 on trans-Atlantic routes to the U.S. and Canada.

From November 1, BOAC 747s will fly three times a week to Australia. From December 10, they will fly daily to East and South Africa, giving the fastest flights (14 hours) to London, between London and Johannesburg.

BOAC introduced its 747s on the London-New York route at the start of the summer season, and shortly afterwards began flying New York-Bermuda as well. This was followed by services between London and Montreal and Tokyo. The aircraft was an immediate success with passengers.

RADIO OFFICERS TO STEP UP SANCTIONS

The Radio and Electronic Officers Union executive has decided to step up sanctions by members at Macaroni Marine and Medford in support of a 12 per cent pay claim.

The 300 shore-based radio officers employed by the two companies have been banning overboarders since the union rejected the employers' refusal to increase their offer of between 5 and 6 per cent.

While admitting that the over-ban had little effect so far, a few vessels are thought to have been delayed by a few hours—an REOU spokesman said yesterday that the form of the new sanctions was being considered at present to ensure it would hurt when they were introduced during next few weeks.

THE FIRST British "technology satellite, Prospero, was successfully launched from Woomera, Australia, range early yesterday morning.

The launch vehicle was a Black Arrow, the last before being discontinued under the revised Government Space Technology Programme.

First signals - from Prospero were received later yesterday by the European Space Research Organisation (ESRO) stations in the Falkland Islands and at Fairbairn, Alaska, and by the Royal Aircraft Establishment's station at Lydd in Hampshire.

The satellite, which cost about £2m. to develop, is intended to provide data for the design and development of future satellites, especially for those intended for "applications satellite" purposes, such as telecommunications, air traffic control, and earth resources monitoring.

Because of the axing of the Black Arrow programme, future British satellites, including the next one, X-4, now under development, will be launched from the U.S. by American Scout launch vehicles at a bare cost of around £1m.

During the working life of the "Prospero" will be between six and 12 months, though it could stay in orbit up to 100 years.

The extra half per cent

You get a full 6% income tax paid on your regular savings from the Leeds Permanent 'More-Money System'- instead of the usual 5½%.

What's more it's ready money: You can save from 50p to £20 a month, and you can draw the whole lot out with the full interest right up to date whenever you want it. No penalties. No fuss.

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THIS IS WHAT 6% LOOKS LIKE

SAVINGS ON £2 MONTHLY PAYMENTS (subject to interest continuing at 6% income tax paid)

	£86 profit Income Tax Paid
£6 profit Income Tax Paid	£326
£78	£139
3 years	5 years
	10 years

Monthly Payments	In Three Years	In Ten Years
£4	£157	£653
£8	£315	£1,306
£20	£788	£3,265

(Subject to interest continuing at 6% (income tax paid)

\$100,000 for Russell painting

SOTHEBY'S broke-Bernet
heries, New York, on Wednes-
day night a sale of Western
Americana — paintings, prints,
drawings and sculpture —
realized \$328,520. Herb Glass
has a record for the artist —
he sold \$100,000, a record for
any artist in the past 10 years.
Charles M. Russell, Sioux
Scenes by Alfred Jacob
went to a private collector
for \$35,000. Wyoming Indian
Scenes by Henry F. Farny, went
to the Graham Gallery for
\$10,000. Rustlers by William
Henry Darby Kopper to a
Hunt by Edward Borein
Glass for \$20,000.

At Sotheby's in London yesterday
a sale of fine jewels totaled
\$151,616. A 2.45 carat Siam
gem was \$2,600 for a ruby and
pendant in the form of
a lady's face set with five
pearl rubies and for a sapphire

and diamond spray brooch re-
spectively.

An afternoon sale at Sotheby's
of 18th and 19th century English
drawings and water colours
realized 176,235. A view of Lake
Geneva 1761, by Francis Towne
was bought for £1,500 by the
Menning Gallery. Agnew paid
£380 for *Rosam from the River* by
William Callow, £480 and £460
for two views by Anthony Van
dyke. Copley Fielding and £400
for *A Lincoln Mill* by Peter de
Wiot. Spinks gave \$400 for *St. John*
Verley.

The second day of a coin sale
at Glendinning's realized \$28,394
and a sale of medals, £12,390,
making \$77,144 in all for the two
days. Graham paid \$1,000 for
a 1785 penny, £600 for a 1785
Wexsex and Spinks \$580 for a
Henry VIII gold George noble.
A George V set of 12 1934 coins
went for \$240 to Raya.

At Christie's 448,298 Continental furniture sale two Aubusson carpets were sold for 2,000 gns. and 1,350 gns. respectively to John A. Regency commode for 1,500 gns. to Craig, a set of six chairs by J. B. Vulliamy dated 1823 for 1,100 gns. to Vinea, Dutch walnut and marquetry bureau for 950 gns. to Antoniassi and a set of six Louis XVI grey painted fauteils to Felton for 10 gns.

A collection of specialised Jordan stamps formed by Commander Melchior Burnett was sold at Stanley Gibbons Auctions for £4,800.

The second day of the sale the contents of Knapton Hall, Spens, were realised for £886, making a total of £15,334, and £420 for a "Carlton House" writing table and Stencil £340 for Georgian mahogany library un-table.

Leeds Permanent

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MINING NEWS

A cautious near-term view from RCM

BY KENNETH MARSTON

WE HAVE LESS grounds for optimism about the immediate financial outlook," says Mr. Mulisho in his statement with the annual report of the company. The company, which runs the former Zambian Selection Trust copper mines in Zambia and which is now 51 per cent-owned by the Zambian Government.

Mr. Mulisho's statement comes against a background of low metal prices and the loss of production from the big Mutitika mine as a result of the cave-in. Output has improved but for many months yet it is expected to remain at only half the monthly rate of 15,000 tons that had been previously envisaged.

\$44m. expansion

Looking to the longer-term, RCM is pressing on with its \$44m. expansion programme which is designed to raise copper output at the Luanshya division (which now includes the new Kalubamba mine) to an annual rate of 120,000 tons by the second half of 1973 and to increase output of Chibuluma to about 45,000 tons in the same year.

During the past year to June 30 Luanshya produced 101,524 tons of finished copper, Mutitika 84,408 tons, Chibuluma 23,870 tons, Chambishi 29,954 tons and Kalubamba 10,441 tons making a group total of 250,256 tons. Sales amounted to 258,103 tons at an average price of \$479 per ton compared with an average cost of \$302 per ton. The current price of copper is \$217 per ton.

Although RCM's costs are high the combined mineral and income tax rate is 73 per cent. \$10m. tons are reserves in good averaging just on 3 per cent. copper.

Even so, it would need a sharp recovery in the copper price for current year's earnings to match the 1970-71 net profit of \$28.5m. A reduction in the past year's quarterly net dividend total of \$2.5p is thus on the cards and this is recognised in the yield of over 25 per cent. on the shares at 168p.

BOUGAINVILLE: FEBRUARY START

Mining of the Rio Tinto-Zinc group's \$400m. (£186m.) copper-gold venture on Bougainville island in the Territory of Papua and New Guinea is to begin in all who had the privilege of February, four months ahead of schedule. Trial runs at the copper concentrator are to be started shortly.

Although copper is in over-supply at the moment, Bougainville is a man of out-

standing ability, courage and kindness and with it all he had made it a delight to work with him.

He spoke his mind clearly and forcefully, but he was always sensitive and fair-minded enough to appreciate the other man's point of view. South Africa, added Mr. Oppenheimer, has lost a business leader of the highest quality and the poor and underprivileged a true friend.

MOUNT KEITH DISCUSSIONS

In Perth yesterday the Western Australian Development Minister, Mr. Herbert Graham, said that the State Government was negotiating with the joint venture companies, Freeport Minerals, Metals Exploration and Australian Consolidated Minerals, over the development of the huge low-grade nickel ore deposits at Mount Keith.

He added that it was premature to discuss likely development proposals. The partners wish to develop a project with an operating life of about 20 years. One reserves in the area's MKD 5 zone have been estimated at some 260m. tons averaging 0.6 per cent. nickel.

Hoover's sales and profits rise

ON SALES up over \$10m. to \$27.88m. group pre-tax profit of Hoover increased from \$5.18m. to \$8.24m. in the nine months to September 30, 1971. Figures for the year 1970 were \$67.28m. and \$7.22m.

With the share of pre-tax profit of Hoover (Holland) the nine months' balance becomes \$7.51m. (\$6.18m. and \$8.56m. for the year). Increased profit in both home and overseas markets result from the higher level of turnover, while sales in the home market reflect the benefit of the removal of credit restrictions. Overseas sales continue to improve, the directors state.

An interim dividend of 15 per cent. (same) has already been paid. The 1970 total was 50 per cent.

	Nine months	1971	1970	1970
Gross sales	\$27.88	\$27.88	\$67.28	\$67.28
Profit before tax	\$8.24	\$8.24	\$7.22	\$7.22
Share of Hoover W.	1.38	1.38	1.38	1.38
Total profit	7.10	7.10	6.18	6.18
Dividend	1.06	1.06	1.06	1.06
Retained	6.04	6.04	5.12	5.12

See Lex

D. F. Bevan asks for quote suspension

D. F. Bevan, the Birmingham metal merchant which went public in 1968, has discovered "substantial inaccuracies" in its consolidated accounts for the year to March, 1971. Consequently, a

There are easier ways to run a pension fund

Keeping your ear to the ground is an essential part of pension fund management. It's vital that you keep abreast of all the latest financial news.

Unfortunately, this takes up a lot of time and effort. It ties you up when you should be free to do other things. But with the new Jessel Exempt Fund, life could be a lot less complicated.

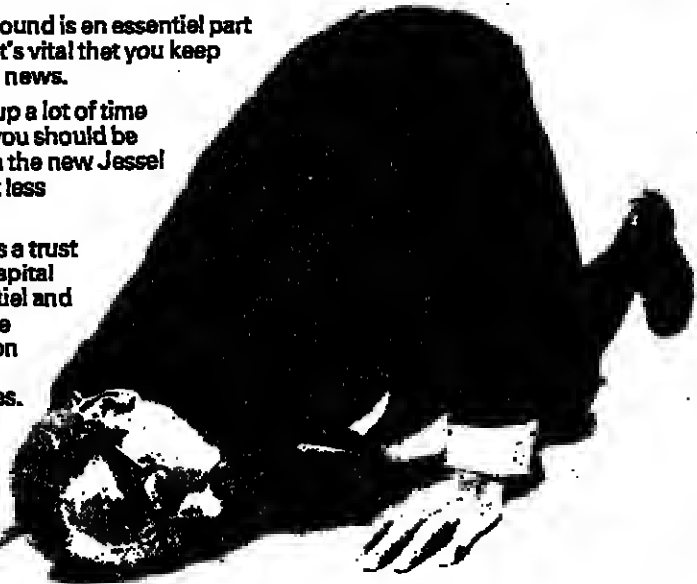
The Jessel Exempt Fund is a trust which aims to give long-term capital growth coupled with a substantial and growing yield. Investment in the fund is limited to superannuation funds approved by the Inland Revenue and registered charities.

The trust is run by Jessel Britannia, one of the top unit trust management teams in the country.

No less than four of their funds featured in the top ten best-performing unit trusts over the three year period to 30th June, 1971.

Jessel Britannia itself is part of the Jessel Securities Group, one of the City's leading financial institutions with funds and assets under management exceeding £150 million. Their financial expertise could make a world of difference to your fund.

For further details just write to us, or ring (01) 638 1255 and talk to Robin Hervis-Smith.



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Industry celebrates PYE-DAY

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"Pye Electric Limited celebrates Pye-day with TASC units controlling the tension of their 8 millionth pound of synthetic fibre."

Every day is PYE-DAY



"Make time to join us next Pye-day"

RECENT ISSUES

EQUITIES

Date	Open	High	Low	Stock	Closing Price	+/-	% of Annual	1971		1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	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INTERNATIONAL COMPANY NEWS + EURO MARKETS

Siemens say profits are "stagnant" at DM213m.

BY CHRISTOPHER LORENZ

SIEMENS, the leading West German electrical concern, has been forced to report its new profit is expected to be only marginally higher than last year's. The company's earnings for the first nine months of 1977, which was a 16 per cent fall on 1976-77, are said to be cost increases and the "nominal" increase.

In the fiscal year ended on September 30, world-wide group sales rose 15 per cent, to DM14,600m, although an above-average gain of 30 per cent, to about DM3,000m, was achieved by the foreign subsidiaries, and for the first time their sales were roughly equal to the German company's export volume.

However, delivery periods shortened and with the year-end order book up 13 per cent, to DM14,000m, compared with a rise of 30 per cent over the previous year—Siemens expects to establish a record for the first time. Earlier this year, the group put several thousand workers in its switchgear factories on short-time, and some of the consumer goods plants were also affected. At present, Siemens has 5,000 employees on short time, many in the electric motors sector. The Munich-based company reports that the only reason the industrial workforce remained at the same level (234,000) was the consolidation of a number of its companies.

Despite the sizeable turnover loss, Siemens is expected to

W. German stock market hits four-year low

BY CHRISTOPHER LORENZ

THE WEST GERMAN stock market today fell to a four-year low, following the latest company reports of short time, falling or stagnating profits, and reduced dividend payments. The major depressing factor is the international monetary situation.

The Herstatt industrial index closed at 89.85 after yesterday's 90.51, and last Friday's 92.96, when the 12-month floor was breached for the first time. In mid-September, the index stood at 89.90.

There has been a more or less steady decline since President Nixon's August 15 measures, and

few analysts believe that the economy has yet reached the end of its downturn.

The latest factors to affect the market are yesterday's warning by BASF, one of the three chemical giants, that it is to make a drastic cut in its 1977 dividend, and the gloomy, if less dramatic, statement from Siemens.

With the amount of trading relatively small, it takes much less than news from two such major companies to push the market one way or the other—and at present the movement is all one way, apart from technical and short-lived rallies.

Viability of La Ciotat yard not in doubt

FUTURE CONTROL of La Ciotat, the French shipyard, continued to-day when it was reported that a consortium of French banks that are the main creditors of the yard has approached the Institut de Développement Industriel (IDI), France's equivalent of the former British IDC, and requested its consent for new shareholders to take the majority stake in the capital increase which will be proposed to shareholders at an extraordinary general meeting next week.

The current capital of Frs.43.5m, is to be raised by Frs.30m, to Frs.73.5m, in order to satisfy the banks, as they estimated the shipyard made losses of around Frs.50m in the past two years of operation, in spite of full order books, and say the losses were due to a term basis not in the price of French steel.

However, French banking circles concerned in the shipyard's finances feel the profitability of the yard on a long-term basis is not in doubt. It has full order books for the next year or so and the French Defence Ministry has recently placed orders with it.

The capital increase will result in the loss of control of the yard to the Institut de Développement Industriel (IDI), a branch of Financial Company for Investment, set up with U.S. and Arab assets liberated by the collapse of the Lebanese Intra Bank in 1966.

Strike call at W-Sidelor

BY ADRIAN DICKS

WENDEL-SIDELOR has now announced the full details of its plan to reduce capacity in Lorraine, the traditional heartland of the French steel industry. It is to close five steel-making plants and 14 rolling mills there over the next four years as part of an internal re-organisation.

France's two largest trade unions, the CGT and the CFDT, have reacted sharply by ordering a 24-hour strike at Homecourt, one of the five plants to be closed. This follows the CFDT's announcement yesterday that it will fight the proposals, which will involve the laying-off of 10,000 men.

Explaining the group's plans to employees, Wendel-Sidelor's chairman, M. Louis Dhermy, said that productivity in the plants concerned was in some cases less than half the currently normal level of 5-7 tons an hour.

He also answered at length questions raised by trade union groups at the effects on employment in Lorraine, and suggested that natural wastage and disappearance of temporary workers would account for much of the 10,000 jobs threatened.

Meanwhile, the group's projected new plant at Fos-sur-Mer would offer some jobs.

MATSUSHITA ELECTRIC Only outwardly optimistic

BY HENRY SCOTT STOKES IN OSAKA

MATSUSHITA Electric Industrial is expecting a "substantial" rise in sales in the current six-month term ending November 30, and the "general prospect" is that sales will be of the order of Yen 390,000m, to Yen 400,000m. The figures compare well with sales of Yen 341,813m in the last term to May 20, and with Yen 376,313m in the second half of last year.

But the prospect for profits is a little less clear. Industry observers are predicting (non-consolidated) net profits of Yen 20,000m, for this half-year, as against profits of Yen 18,207m in the previous period, when profits were depressed by a consumer campaign against Matsushita Electric.

Profits forecasts have recently been revised downward following the "Nixon shock"—as it is now known in Japan. And export orders to the U.S. for next year are, of course, the main pre-occupation of management at Matsushita's Osaka headquarters.

A spokesman for the company's president, Masaharu Matsushita, declined to comment directly on these latest profit predictions, but admitted that they are not far from the truth.

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My own impression is that a short while—perhaps no more than 10 months—will see a recovery in the U.S. market, but it should be able to perform more than adequately. In this sense, the future of Matsushita products is not so bright as it once was. On the other hand, one may see Matsushita Electric rising back rapidly to the level attained during 1969 and 1970. There was a decline of more than 30 per cent in non-consolidated profits between the 1970 and the May 1971 term when it was Yen 18,207m. Matsushita has to worry not only about exports to the U.S., but also the 40 per cent of foreign sales made in S.E. Asia, which will bear the greatest burden of a general slowdown in the Japanese economy to combat inflation. So, overall, the prospect for continued rapid growth of "only" 5-6 per cent in terms for 1977 and the following year is not so bright. This, with 1980 group exports of Yen 127,000m, and 1970 shipments up by another Yen 27,000m, the prospect is for an increase in 1971 of only another Yen 15,000m, or so.

Although Matsushita will not confirm this, it is speculated that export orders to the U.S. are down by 20 per cent already and that the current export negotiations are proving tricky.

The prospect is that Matsushita, as well as Sony—to take only the most effective of the Japanese electrical companies—will find the going hard in certain areas, and will at least have to fight hard to even maintain exports at present levels.

Sony, however, has the edge on its bigger rival, Matsushita, in its Trinitron colour TV sets; Matsushita is the one whose performance will most be watching in the coming six months.

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COMPANY NEWS

Dunlop forecasts £2.11m. McKechnie second half recovery

AN INCREASED attributable profit of some £10.88m, against £7.7m, is indicated by Dunlop Holdings for 1971.

First half profit attributable to shareholders expanded from £2.68m to £4.4m, and the directors expect the second half to be "not very different."

The company—tyres to sports gear group—has been in union with Pirelli since January 1, 1971. An unchanged interim dividend of 3p per share is declared. The 1970 total was 8.12p.

First-half sales of the Dunlop Group advanced from £266m to £288m, and pre-tax profit from £12.48m to £17.88m. After tax up from £6.18m to £8.76m, net profit was £9.13m (£8.3m).

The directors say it is difficult to predict the outcome of the second half for three reasons—problems arising from the international monetary situation, the recent measures of the I.R.S. Government and the uncertain speed of recovery of the U.K. economy.

Sales of Dunlop Pirelli union companies expanded from £451m to £493m in the first half. Pre-tax profit fell from £17.89m to £16.6m, and profit attributable to Dunlop and Pirelli parents contracted from £5.5m to £2.44m.

The union arrangements have been implemented. The Dunlop directors report the central co-ordinating committee is meeting regularly and the integration of policies and plans is proceeding normally.

The next step towards the completion of the union is that the Dunlop sports activities, initially excluded from the union, have been absorbed into Dunlop Ltd. in return, Dunlop Holdings has received Preference shares in that company.

In the U.K., profits improved substantially over those of the first six months of 1970, which were depressed by dislocations in the motor and allied industries, and the sluggish economy.

In Italy the severe reduction in economic activity has hurt the operating units there and they have suffered substantial losses, the Dunlop directors state.

Elsewhere most operating units have done better. All major subsidiaries of Societe Internationale Pirelli, and especially Brazil show increased profits, and the major Dunlop companies, except in South Africa and India, have also improved. Despite the improvements in the trading situation, the higher interest charges and the Italian losses which were not relieved for tax purposes have meant that in total, the profit attributable of £2.44m is much lower than in the previous year.

Following discussions between the parent companies of the union, it has been agreed that the capital structure of Dunlop Pirelli S.P.A. should be changed (subject to ratification by the Italian courts) so that the losses in Italy do not affect the profit attributable to Dunlop Holdings.

These changes are reflected in the Dunlop group figures. Similar and reciprocal changes are being made in the capital structure of Dunlop Ltd.

House of Sears pays 8%

House of Sears (Holdings), manufacturers and sellers of leisure garments, announces a final dividend of 3 pence, making 8 pence for the year ended June 30, 1971. This compares with a single payment (interim) of 5 pence for the previous year, and with a total of 14 pence for 1969-70.

Sales increased from £1,326,048 to £1,514,519, while profit partially recovered to £55,354 from £37,392, before tax of £21,784 (£17,731).

Mr. H. M. O. Knox, chairman, states that sales and profits for the first three months of the current year both show an increase compared with last year.

But he adds he is unable at this stage to make a forecast for the year ahead, as there are too many uncertainties in regard to the group's export trade is a major one.

Over £1m. seen by Myson

PROFITS OF over £1m. for the Myson Group, makers of heating, ventilating and air-conditioning equipment, in the year to June, 1972, were forecast yesterday by Mr. E. Myson, the chairman.

He told shareholders at the annual meeting that the estimate was based on indications of results achieved in the first quarter.

Commenting on report about the Myson Heating Products subsidiary, Mr. Myson said that this section had made an "extremely good" contribution to 1970-71 profits.

Further, benefits from the heating products offshoot in terms of profitability were contributory to the group's prospectus forecast in December, 1970, appearing conservative.

However, Mr. Myson made the point that disclosure of Myson Heating Products profits, or those of any other subsidiary, would be very misleading, because it was no longer an autonomous company and a large manufacturing unit within the group. The whole of its sales and marketing had been taken over by Myson Group Marketing, which had had a significant effect.

J. Saville Gordon outlook

FIRST-HALF results of J. Saville Gordon Group, "most of necessity poor, following which we shall have a large manufacturing unit within the group. The whole of its sales and marketing had been taken over by Myson Group Marketing, which had had a significant effect."

At present, there was no clear indication of any marked improvement in business and therefore no forecast could be made of results for the year.

The metal trading companies continued to trade at a loss, but new measures were minimising these losses. The group's stock-holding companies continued to trade profitably in spite of difficult trading conditions.

Commenting on the resignation from the Board in August of Mr. John Fairclough, Mr. Saville said this was because the measure it was felt necessary to impose to correct the position at the John R. Fairclough subsidiary proved unpalatable to Mr. Fairclough.

During the last two months the entire group structure had been carefully reappraised and grouped into division in order to ensure closer management control.

In the year to April, 1971, the Fairclough nickel alloy offshoot incurred a £200,000 loss instead of an expected £200,000 profit.

BARCLAY SECURITIES

BARCLAY SECURITIES will consider the possibility of a separate quotation for its toy interests, but has no immediate plans to do so. This was stated by Mr. John Bentley, chairman, in London yesterday on the occasion of the merger of the three Barclay toy companies into Barclay Toy Group. The companies are Disobel

(which makes mobo toys), Chad Valley, and Chas. E. Methven.

The forecast for the toy group is a turnover for 1971 of not less than £4.5m, and profits of more than £360,000—or twice the 1970 profit.

Looking ahead to 1972 the deputy chairman and managing director of Barclay Toy Group, Mr. R. Updeil, estimates a further one-third increase in turnover, and a profit "substantially above" the 1971 figure. It is expected that there will be a 50 per cent. increase in exports to £750,000.

Oxley Printing advances

PRE-TAX profits of the Oxley Printing Group rose from £56,574 to £90,534 in the first six months of 1971 and directors expect the group will continue to make further progress in the second half.

This time, there is an interim dividend of 5 pence, compared to last year's single 5 pence.

Final 1970 pre-tax profit was £120,161, against the previous year's £243,000 loss.

Six months 1971 1970

Pre-tax profit	90,534	56,574
Tax	36,254	34,718
Net profit	54,280	21,856
Div. from profits	10,000	10,000
Interim dividend	31,280	11,856

The profit for 1971 excludes any contribution from the tailoring companies which were sold in July (the comparable 1970 figures included a contribution from this source of £19,401). The dividend of 5 pence received from a former subsidiary, however, represents the final payment from them.

Although corporation tax in respect of the 1971 half-year figures has been taken at 40 per cent, the tax charge for the whole year is expected to be at a substantially lower rate.

The directors say the improvement in group earnings for the first half reflects the growing contribution being made by the Morrison and Gibb companies. Piatomaking, a disappointing half-year but the London companies are now being reorganised into a single production unit, the outlook for which is sound.

Guardian Trust ahead at halfway

Gross revenue of the Guardian Investment Trust Company improved from £584,696 to £575,070 in the half year to September 30, 1971, and net revenue was £715,176 against £696,453 after tax of £22,952 (£26,739).

The interim dividend is stepped up from 0.625p to 0.7p per 25p share to reduce disparity. Last year's total was 2p when net revenue was £1,250m.

Half-year 1971 1970

Gross income	575,070	584,696
Franked	692,023	683,839
Unfranked	172,713	187,414
Other income	10,353	25,333
DTR	9,880	5,800
Commission and fees	1,529	1,911
Management expenses	20,573	31,589
Debit interest	57,583	57,583
Other interest	42,408	43,312
Revenue before tax	725,128	721,325
Corporation tax	22,952	26,739
Net revenue	702,176	694,586
Preference dividends	72,857	72,857
Available Ordinary	629,319	621,729
Interim dividend	22,952	26,739

Valuation of investments, including the dollar premium 264 per cent. (20 per cent.) at September 30 was £51,511,101 (£43,537,971) and net assets at March 31, 1971, and net assets value per Ordinary 25p share after prior charges at par 88.0p (72.9p).

ON GROUP sales of £57.5m, against £56.4m, profit, before tax, of McKechnie Brothers was down £33,000 to £3,905,000 for the year to July 31, 1971, after a sharp contraction from £3,210,000 to £2,182,000 for the first half.

This dividend is effectively maintained at 16 per cent, with a final of 11 per cent, adjusting for one-for-two scrip issue. Prior to the scrip issue Ordinary holders received one share for every 15 as compensation for dilution of voting rights.

Chairman, Mr. K. M. Leach, says there was a general slowing down in the economy in the U.K., South Africa and New Zealand. Further the price of copper fell during the year from £561 to £460 a tonne.

In the circumstances sales of £58m (£56m) profits before tax and before metal account of £3.8m (£5.2m) and after tax profit at £2.4m, compared with the previous year's record £2.6m, represents a creditable performance," says Mr. Leach.

Group turnover 1970-71 1969-70

Group turnover	57,500	56,400
Profit before tax	3,905	3,210
Taxation	2,478	2,510
Profit after tax	1,427	700
Attributable	2,387	2,628
Preference divs.	14	14
Ordinary	1,364	1,364
Plant reserve	174	132

Stock reserve 23

"Includes share of associated companies' profits £700,000 (£700,000), but excludes depreciation on unused metal stocks—£304,000 after tax (£304,000 appreciation) which has been debited to stock reserve."

Earnings per share are shown at 7.5p (7.9p).

Meeting, Liverpool, December 18

Southern Constructions

Southern Constructions (Holdings) is maintaining its interim dividend at 5 pence for 1971 and directors are confident that the final dividend will be held at 20 pence.

The directors say the improvement in group earnings for the first half reflects the growing contribution being made by the Morrison and Gibb companies. Piatomaking, a disappointing half-year but the London companies are now being reorganised into a single production unit, the outlook for which is sound.

For the year ended July 31, 1970, there was a pre-tax profit of £112,704.

The net profit for the year is £63,327 compared with £55,719 and is after tax of £32,980 (£49,888), but before deducting exceptional items of £9,676 (£6,023).

STRAKERS

Strakers (Newcastle) proposes to change its name to Getan and to increase the capital £500,000 by the creation of an additional 8m. Ordinary shares so as to have in hand more shares for issue either in connection with certain proposed acquisitions or to the public if the occasion arises. It is also proposed to increase the borrowing powers.

Mr. Charles Graham has been elected president of the COUNTRY LANDOWNERS' ASSOCIATION.

Dr. A. J. Martha, managing director of Pharmax, has been appointed a director of the parent company LRC INTERNATIONAL. He succeeds Mr. A. R. Reid, who has retired from the Board of field have been appointed as

results this year than anticipated. Practical completion of these contracts has now been achieved and the excess of actual over anticipated costs will not be repetitive.

Although trading conditions are not yet stable the Board's policy of tendering for contracts of shorter duration is showing benefit although it produces a problem in respect of continuity for employment of resources.

With £1.5m. of new work recently secured or awaiting Ministry approval, including the Birdham sewerage scheme and Chichester sewage disposal works, directors look forward to the benefit of an established, experienced organisation situated in an area of increasing work.

300% scrip by Farrow and Jackson

FOLLOWING the mid-way rise from £36,000 to £58,000 engineers Farrow and Jackson and Purdy has turned in a group pre-tax profit of £223,307 for the year ended July 31, 1971, and is recommending a final dividend of 15 1/2 pence, making 27 1/2 pence.

A three-for-one scrip issue is also proposed.

In June, the directors said that the pre-tax figure would be of the order of £100,000, and the dividend would not be less than the previous 25 pence.

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Mr. Stephen Wollochin has been appointed to the Board of the SPERRY AND HUTCHINSON COMPANY and will be responsible for marketing.

Mr. A. E. Richmond-Watson has been appointed an assistant director of MORGAN GRENFELL AND CO. from November 1.

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APPOINTMENTS

Lord Redmayne heads Retail Consortium

Lord Redmayne, deputy chairman of Harrods, has been elected chairman of the RETAIL CONSORTIUM.

Founded in 1967, the Retail Consortium now consists of six organisations covering department stores, co-operatives, multiples and independent retail shops.

Much of the work done by the consortium stems from meetings between its professional officers and ministers and officials of government departments.

Mr. Michael E. Kelsey has been appointed director of operations of CONSOR ELECTRONICS with overall responsibility for manufacturing processes and quality assurance.

Mr. Paul Needham has been appointed a joint managing director of JARMAN AND SONS, subsidiary of Kennedy Duff & Co.

Mr. C. M. A. Simon and Mr. R. W. Taylor have been appointed directors of TARGET LIFE ASSURANCE COMPANY.

Mr. William Somerville, a member of the group policy committee is retiring on October 31 from the Board of the IMPERIAL TOBACCO GROUP and as legal adviser.

Mr. J. G. N. Edge, managing director of GEORGE CLARK (SHEFFIELD) has been appointed chairman. He succeeds Mr. J. S. Ridges, who has retired from the Board.

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Mr. E. J. Ball and Mr. O. C. Benfield have been appointed as

LRC but remains as a consultant chairman of the newly-created Courtenay Wines (International), a member company.

Mr. Ronald G. Lagden, chairman and managing director of QUAKER OATS, has been appointed to the newly-created position of director—Europe in addition to his present responsibilities.

Mr. Michael S. Lambert has been appointed managing director of STANLEY GIBBONS PRODUCTS.

Mr. J. A. Reeves, at present the commercial director of the WEYBURN ENGINEERING COMPANY, has been appointed deputy managing director.

Mr. G. H. Hicks, an executive director of THOMAS ROBERTS (WESTMINSTER), has been appointed deputy chairman.

Mr. C. R. Glyn, of Slater Walker, has joined the Board of ARGYLE SECURITIES following the closure of Slater Walker's offer for the remaining shares in the company.

Mr. H. J. Ball and Mr. S. W. Fryer have been appointed directors of SHEPPBRIDGE ENGINEERING LIMITED. They are respectively managing directors of Sheppbridge Equipment and Advance Motor Supplies.

Mr. C. R. Freeborough has joined CADBURY SCHWEPES FOODS as finance director. Mr. K. G. Collier, previously finance director, is now deputy chairman of the Cadbury Schweppes Foods Group.

Mr. Jack Goodridge, managing director of BRICKHOUSE DUOLLEY, has been appointed chairman in succession to Mr. Ralph Godfrey, who has retired but remains a consultant.

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directors of Shellabear Price Contractors from November 1.

Mr. A. A. Willett has been appointed deputy managing director of CABLE AND WIRELESS from November 1. He was appointed a director in 1967.

Mr. Warren K. McOmber has been appointed by SHEARSON HAMMILL AND CO. INC. as vice-president in charge of its company's newly-created international division. He joins the company from the London office of the First Boston Corporation.

Shcursion is opening an institutional sales office in London at the beginning of next year under the management of Mr. W.B.A. McQuigall, who has been appointed a vice-president.

Mr. R. F. Turner, market director of Standard Telephone and Cables, has been elected president of the BUSINESS EQUIPMENT TRADE ASSOCIATION for 1971-72.

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Mr. R. F. Turner

F.T. INDUSTRIAL RELATIONS CONFERENCE

SPEAKING AT the second and final day of the Financial Times Conference on Industrial Relations in London, Mr. Victor Feather, TUC General Secretary, said the unions will continue to be adamant in their opposition to the Industrial Relations Act.

It was astonishing, he said, that the Government should want to cast aside the progress that was being made in favour of a statutory solution which was contrary to the Donovan Report.

But the Solicitor General, Sir Geoffrey Howe, told the conference that in his view the Act provides a set of remedies which will succeed where the old system had broken down. It was, he said, designed to encourage constructive reform.

One of the most important aspects of the Act was the definition of new legal rights for the individual worker in relation to his trade union and employer, said Sir Geoffrey.

UNIONS AND THE ACT

Struggle will go on warns Feather

THE INDUSTRIAL Relations Act was irrelevant to the important job of improving industrial relations in Britain, Mr. Victor Feather, TUC general secretary, told the conference in London yesterday.

At the Act, he said, had already had the effect of building up a constructive section which was intended to improve relations in industry.

A major reason for opposition to the Act was that it ran totally against the grain of current thinking on the reasons for industrial relations difficulties. It was contrary to the thinking in the Donovan Commission report, which gained general support.

It was astonishing that the Government should wish to cast aside the progress which had been made in favour of a statutory solution which was specifically rejected as irrelevant by the Donovan Report.

The Act revealed a fundamental misunderstanding of what the industrial authority was all about. It attempted to define unions as automatic power structures, like business corporations, rather than as organisations which were the essence of trade unionism with the capacity to provide a day-by-day means of democratic representation of workers' interests.

Political

A cursory examination of the Act in which the Act departs from the Donovan Report on the subject of the Act was political. It was designed to weaken the negotiating strength of organised workers. It was scarcely surprising that trade unions had been with one voice in opposition to the Bill. And equally, it followed that trade unions would continue to be adamant in their opposition to the Act, and in their refusal to co-operate with it.

There were no grounds for arguing that the improvements proposed in the Donovan Report had led to come about and that the Act was necessary because of this. Mr. Feather went on to stress that it will be in the interests of industrial harmony for employers to make quite clear that they are not trying to operate the Act, and are relying on the common-sense approach.

"We know already that employers will not try to make an issue with the trade union movement over the provision in the Act that all collective agreements should be legally enforceable unless they contain a clause to the contrary. Evidence is now coming in from all parts of the industry that employers are signing non-binding clauses."

We fully recognise the need to reform procedures in certain areas, such as engineering, but the Government to have suggested or implied that legal enforcement is the answer, denotes a lack of the real problem. The proposal that the NIRC should have power to impose a legally enforceable procedure on companies where employers and unions have failed to come to an agreement can hardly be expected to produce anything other than a worse state of affairs. Referring to the "so-called" objection given by registration of far as damage suits are concerned, Mr. Feather said the point was that such protection would only accrue to the "registered trade union" if it goes to the NIRC.

ABOUR COURTS

Unions and management now the concern of all

OF CYRIL GRUNFELD, who on secondment from the London School of Economics to be an adviser to the Commission on Industrial Relations, said that the Act evolved from a movement which began in the early 1960s when industrial relations turned into a purely private affair to a matter of public concern. For example, a collapse of the steel motor industry was not a parochial disaster but would be felt nationally. While unions and management most nearly managed their own affairs they could not validly argue that their affairs were not the business of anyone else.

Illusion

The intention of the Act was to provide for a wide range of consultation services. However, the union of the layman that every part of the legislation would be constantly avary day was incorrect.

The primary emphasis in the Act of this Act will be on the negotiation processes and voluntary settlements," said Prof. Grunfeld.

The industrial Tribunal, the Act which would be responsible for handling many disputes arising from the legislation, came into action in a quiet manner in 1971, he recalled.

enough: one cannot have it both ways."

"Collective bargaining will prosper, the new emphasis being placed on non-wage benefits, that is, the emphasis on job and income security, on fringe benefits, and procedure in the workplace. Quite apart from the question of holidays and the length of the working week, more and more agreements will need to deal with such things as: employees' status, employment guarantees, redundancy provisions, and all of these commensurate with the importance of employment in a man's life. Occupational pensions will be sought and improved. Agreements will be concerned, too, with the degree of control which workpeople have over their jobs and their working conditions; and I have in mind such issues as autonomous job regulation; disciplinary procedures; joint safety committees; and the whole area now known as the 'status quo'."

"The widespread development of agreements covering this range of issues is urgent and inevitable."

Dealing with the code "almost an afterthought to the Bill," Mr. Feather stressed that it was inadequate in many vital respects, and the TUC was now issuing its own guide to good industrial relations.

"It will be neither propagandist nor platitudinous. It will take as its starting point the need for effective collective bargaining and speedy and equitable procedures for resolving disputes. And the need for strong trade unions to make industrial democracy a reality."

"I sum up our approach over the coming months as 'constructive co-operation on a basis of non-cooperation with the Act.' We shall be constructive, because we shall be facing up to the real issues of concern to employers and trade unionists. But we must also follow a policy of non-cooperation, because only in this way can constructive developments be brought about."

"The fact is that the Government banked on their Industrial Relations Act and heavy unemployment to make working people seek their unions less active in seeking a proper redistribution of wealth. And the fact is that they will be proved wrong," he went on.

The Act was not working the way the Government wanted it to work, or even hoped it would work, he declared. No trade unionists would be found to serve the Commission on Industrial Relations and only a small handful were left on the Industrial Tribunal.

By the time the tribunals came to deal with cases under the Act the trade union boycott would be complete.

"I think that it was marked out for a much more ambitious role," he said.

At first it handled bits and pieces of jurisdiction but in 1965 it was given the job of handling disputes arising from the Redundancy Payments Act. Under the new legislation the tribunals' jurisdiction would be concerned with unfair dismissal.

"If this law of unfair dismissal had occupied an Act by itself it might have been recognised as a crucial breakthrough in the labour laws of this country," he told the conference.

"Unfortunately because of the inroads in industrial relations we have suddenly to digest a very large piece of legislation which includes this remarkable development."

The professor added that he felt there had been a change in industrial leadership. The new type of industrial leader knew that he could make a mistake and was prepared to see his decision go to an independent tribunal. He would also be prepared to abide by the decision of the tribunal even if it went against him. Prof. Grunfeld said that every case of unfair dismissal brought before a tribunal could go to consultation.

The consultation officer had powers of intervention and only



Mr. Victor Feather

INDIVIDUAL RIGHTS

Act will bring new remedies

THE INDUSTRIAL Relations Act was not intended or designed to unfair industrial practice for any one to take industrial action to compel an employer to discriminate against union members or non-members.

If an employer could offer no satisfactory reason for dismissing an employee—and the Act stated it was for the employer to show the reason for dismissal before an industrial tribunal—then the employee will be entitled to bring a complaint before an industrial tribunal on grounds of unfair dismissal. The tribunal would be able to recommend reinstatement or to make an award of compensation to the employee concerned.

Sir Geoffrey pointed out that every employer will have to be prepared to justify the dismissal of any employee by evidence which could satisfy a tribunal that he had acted reasonably.

There were exceptions to the unfair dismissal provisions. The most important was that employees with less than two years' service would not be covered. But this exception did not apply if these employees were dismissed for exercising or seeking to exercise their right to belong to a registered trade union, to take part in its activities or to choose not to belong to a registered trade union or unregistered organisation of workers.

The machinery of the Act was intended to deal only with intractable disputes and not for imposing a system where bargaining arrangements were working satisfactorily.

"This is the fallacy in the suggestion still sometimes made that we have gone for a 'wholesale importation of American ideas,'" stated Sir Geoffrey.

The machinery in the Act could be invoked only in relation to the dismissal of an employee or of a number of employees who were financially associated.

"The machinery cannot be used to enforce recognition on an industry-wide basis," he went on. "But the Act recognises the existence of industry-wide negotiating machinery by enabling the Commission to make recommendations on a recognition reference to take account of the existence of such machinery."

One of the central features of the Act was that it purported to change the system. But he said it would inhibit the workshop of the law entered more than the law to negotiate a productivity bargain, and it could take years to undo damage and create a good will in the "them and us" situation.

In spite of what had been said, and reflecting deeply on past history, strikes occurred and he could not believe that strikes would not occur under the new law. This he felt had been recognised and it was no use trying to take power away from the shop floor and at the same time hope relations could be improved.

Experience had shown that the best bargains in industry had been made generally between people who were at the point of a breakdown in relations. If it might mean the end of self-government between both sides of industry.

Regarding unfair dismissals, he said that the Act made provision

Interests

On all sides of industrial and political life he had found very few who did not accept the need for reform in the interests of all. It was quite impossible to maintain the view that industrial relations could still be conducted as an exclusively private affair between management and trade unions while everyone else looked on praying for peace.

The real problem, he said, was the failure of employers and unions to get to grips effectively with the problems thrown up in conditions and resolve them by discussion and negotiation.

The need to reform and extend collective bargaining issues was common ground and the main burden must always be carried by management and unions representing employees.

But there were many situations where a disinterested and experienced party could supply ingredients to effect necessary improvements. This was the role the commission had established for itself and it would continue this approach under the new Act.

Sanctions

What, however, would be new in the role would be some extra sanctions and new methods for settling union recognition disputes and improving procedures in cases where voluntary agreements ultimately eluded the parties concerned.

These new methods were complementary to the continuing work of the voluntary reform of collective bargaining, and were for use in cases which proved intractable and which would be intractable by voluntary methods alone.

The commission then retained its third party role with the advantages of a dispassionate approach, of thorough inquiries and accumulated experience. The underlying necessity of arriving at mutually agreed solutions to particular problems remained the central driving purpose.

Given the right sort of co-operation, he said there is no reason why the voluntary bargaining of collective bargaining should not be a faster rate. The commission's specific tasks under the Act were involvement in remedial action related to procedural agreements, the definition of bargaining units and recognition of sole bargaining agents, and new responsibilities in connection with agency shop agreements and approved closed shop agreements.

Finally, there would be the publication of an annual report other than have them decided on an important value for the commission's educative role.

For both sides to get together. Most trade unions would attempt to conclude domestic agreements rather than have them decided by tribunals. They would want to tackle with management the problems concerning dismissal and arrive at some sensible agreement.

If they had to go forward in industrial relations they would have to have some simple agreement on procedure to keep. It was an area in which they had to look for positive results and people's attitudes had to be reconciled with procedural agreements.

In the end the whole matter came down to one of human relationship. In the ultimate, concerned that people at the shop floor level might make a very loud noise. They might try and bring to book those people who were of their obligations. However, if a shop steward asked for his advice on the problem he would tell him to use his common sense.

He believed that Mr. Feather had been right when he said that a number of trade unions were beginning to look to the CIR as a medium where more sensible agreement could be negotiated. He thought the role the CIR played had been good one but its new role had isolated it from the trade unions.

A fresh appeal to unions

AN APPEAL to trade unions to co-operate with the Commission on Industrial Relations was made by Mr. Len Neal who was making his first major speech since being appointed chairman of the CIR—a post he takes up on Monday.

"I want to appeal for a fresh look at the situation now that the Parliamentary procedures are over," he declared.

"The debate over the whole question of reform in the last few years has not been particularly edifying and in recent periods it has revealed the protagonists on most sides, in some of their worst forms and prejudices. With some people, unbelief in one thing is founded in blind belief in another. There have been those who think that organised labour is like a baby—an alimentary canal with a big appetite at one end and no sense of responsibility at the other."

Mr. Neal went on to say that this debate over how industrial relations should be reformed had gone on for long enough.

But a clash of doctrines is not a disaster. It is an opportunity. And in every opportunity there are difficulties, but in every difficulty there is an opportunity. It must be that hope of reasonable men that they can grasp these opportunities," he declared.

Nastase broke service again in the 15th game by capitalising on a lucky mis-hit backhand shot that dipped with top spin sharply across the court to give him the point. Somewhat unobserved, Newcombe punched his backhand volley well beyond the baseline. The Romanian made no mistake on his own serve and moved ahead 9-7. To his credit, Nastase did not allow Newcombe's injury to upset his own game as it is to be expected when playing a handicapped opponent.

The other early men's winner was the Australian now domiciled in South Africa, Bob Hewitt, who handled the left-handed serves of Australian Ray Ruffels to such effect that he

scored a 6-4, 6-3 victory that was quite pathos. So sure was Hewitt now become of his service returns—the always returns well on the backhand against left-handers—that Ruffels was over-pressing by the middle of the first set.

In the seventh game, he projected two basty double-faults to lose his serve and in the second set another costly double-fault accelerated his downfall as he lost his third service of the match. Hewitt and Nastase have both proved that, given time, it is perfectly possible to play secure ground strokes on his last service.

Billie-Jean King, the No. 2 seed, was in commanding form against her compatriot, Patti Hogan, and allowed her only three games, all in the first set. Mrs. King has looked extremely sharp this week and appears to be relishing the prospect of a return match against her Wimbledon semi-final conqueror, Evonne Goolagong. First of course, she will have to beat her one-time doubles partner Rosie Casals in today's (when) final, for that matter. Miss Goolagong will have to overcome the cunning game of the Frenchwoman, Françoise Durr, who yesterday was a class ahead of Betty Stove, of Holland, whom she beat 6-1, 6-4, largely on the Dutch girl's errors.

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SPORT: TENNIS

Now Nastase topples No.1 seed Newcombe

BY JOHN BARRETT

THE LATEST victim at the Embassy Championships was Wembley's own John Newcombe, who fell to the maturing artistry of the Romanian, Ilie Nastase 9-7, 6-3 in the quarter-final round.

There was, this time, some excuse for the No. 1 seed to join the list of distinguished victims, for in the third game of the second set, Newcombe, in twisting for a sharp return, again damaged his right knee, an injury originally suffered in the final of the U.S. Open last September. From that point he had gained little more than token resistance.

Even before the injury, however, Nastase had shown enough delicacy of touch to suggest that his growing talents are taking him towards the top of the world game. The way he handled Newcombe's fast and deceptive services on this fast carpet, showed his reflexes to be extremely sharp. He started well by breaking the top seed's service in the very first game but signalled his tension by losing his own in the fourth game. Having got that bad moment out of the way as it were, he was more relaxed.

Nastase broke service again in the 15th game by capitalising on a lucky mis-hit backhand shot that dipped with top spin sharply across the court to give him the point. Somewhat unobserved, Newcombe punched his backhand volley well beyond the baseline. The Romanian made no mistake on his own serve and moved ahead 9-7. To his credit, Nastase did not allow Newcombe's injury to upset his own game as it is to be expected when playing a handicapped opponent.

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Govt. urged to pay 90% of road bill

THE GOVERNMENT should pay 90 per cent of the costs of roads in towns and cities, the British Road Federation said yesterday. Otherwise road links essential to Britain's motorway network would be seriously delayed.

At present, the Government is responsible for motorways and trunk roads, and gives a grant to local authorities for principal roads. Now there must be a radical change in local authority grants, the federation said.

With the coming local government changes, some purely urban roads will form links in the national system and would no longer satisfy the "local use" criterion.

Mr. Robert Phillipson, director of the federation, said: "We believe all major road schemes whether urban or rural are of national importance and the bulk of the financial responsibility for ensuring their construction must lie at the centre."

"We see the redrawing of responsibility between central and local authorities as a rare opportunity for rethinking the allocations for local road programmes."

He suggested there should be a "hierarchy" of roads so that trunk roads received a 100 per cent grant, primary roads 90 per cent, and principal roads downgraded from 75 per cent to 50 per cent.

The federation, therefore, suggests that falling a total share-up of local authority financing, the Government should at least take interim measures to equalise the costs among the authorities which will form the new metropolitan counties.

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Drambuie LIQUEUR

BANK RETURN

	Wednesday October 27 1971	Inc. (+) or Dec. (-) for week
LIABILITIES		
Capital	14,563,000	8,563,789
Public Deposits	12,785,336	11,569,412
Special Deposits	206,712,288	11,569,412
Bankers' Balances	211,800,297	12,185,927
Reserves & Other	547,885,611	32,669,095
ASSETS		
Govt. Securities	261,002,712	5,175,400
Advances & Other	30,210,608	3,894,213
Loans	111,789,445	17,311,507
Other Secs.	35,042,784	2,850,546
Notes	815,622	92,354
Cash	547,885,611	32,669,095
Reserve	35,862,746	2,878,580
Bank Rate	5%	—

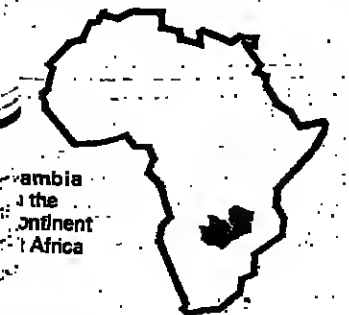
ISSUE DEPARTMENT

LIABILITIES		
Notes Issued	3,700,000,000	—
In Circulation	3,694,981,296	2,856,846
In Bank's Day	35,042,784	2,850,546
ASSETS		
Govt. Secs.	11,016,108	—
Other Govt. Secs.	289,785,801	21,771,145
Other Securities	419,059,959	21,071,145
Cash	126,000	—
	3,700,000,000	—

RCM review

The following are extracts from the annual statement to shareholders, dated October 7, 1971, by the Chairman of Roan Consolidated Mines Limited, Mr. Dominic C. Mulaisho.

On June 30, 1971, Roan Consolidated Mines Limited completed the first full financial year of its existence. Sadly, the most significant event of that year was the calamitous accident at Mulufira mine in September 25, 1970, in which 19 men perished, and much of the mine's productive capacity was lost. I should like to record my appreciation of the response received from within Zambia and abroad which went far beyond sincere expression of sympathy and included substantial financial assistance for the bereaved families.



The long, difficult and costly process of rehabilitation began at once and has continued ever since. The dedication of Mulufira's staff has resulted in better progress than at one time was thought possible. Nevertheless, the mine's finished production will for many months yet, remain to be barely felt. The monthly loss of 16 000 tonnes we had hoped to achieve.

A commission of inquiry into the Mulufira accident was appointed. His Excellency the President on September 23, and in view of the gravity and urgency of the subject, the Minister of Mines and Mining Development was able on February 17 to authorize the publication of an interim report on the causes and effects of the accident. This report showed that the practice of pouring concentrate tailing into depressions at the hanging wall side of the body started as far back as 1933, that it was not until 1963 that it was decided to fill the depressions with tailings in order to prevent the accumulation of rainwater and to seal the area. A sinkhole developed

beneath the surface accumulation of tailing, and through this over a million tonnes of tailing, rock and soil rushed into the mine.

The report recommended that the Ministry of Mines and Mining Development should take an active part in planning the resumption of production and in reviewing the mining methods used at Mulufira. The report emphasized that the tragedy was neither human-engineered nor could any one individual have exercised any control over the inevitable conclusion once the causes had been set in motion.

The final report, which will probably be made public prior to this statement, supports the general conclusions and recommendations of the interim report. In brief, the recommendations are that the rehabilitation programme proposed by the company be accepted; certain organizational changes be made in the government mines department so that it can assume additional and wider responsibilities; that further studies of surface subsidences throughout the Copperbelt be continued; that the management system at Mulufira be reviewed to provide more formal and regular discussions between management and technical departments with written records kept; that greater promotion of free exchange of ideas between Copperbelt mines be pursued, and that experience from outside is welcomed and utilized; that new regulations with regard to waste disposal be legislated; and that all personnel should carry some resistant type of identification while at work.

OPERATING RESULTS

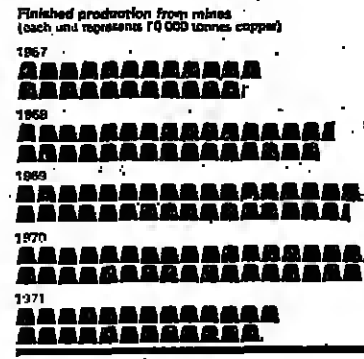
Production and sales finished copper production in the year ended June 30, 1971, was 250 355 tonnes, the lowest since the year ended June 1967. Production was well maintained at all mines except Mulufira as shown in the figures of recoverable copper in mine production. (See table.)

Mine Production in Tonnes	1970/71	1969/70
Mulufira	75 344	166 262
Luanshya	101 790	101 894
Chibuluma	24 631	24 973
Chambishi	32 797	24 412
Kalangwa	10 488	4 154
	245 078	321 605

During the year, 258 103 tonnes of copper were sold at an average realization price of K822 per tonne. Sales exceeded finished production, which in turn exceeded mine production due to a temporary

run-down in pipeline and process stocks.

Cobalt hydroxide filter cake containing 922 tonnes of cobalt produced from Chibuluma concentrates at Chambishi was sold to Nchanga Consolidated Copper Mines Limited.

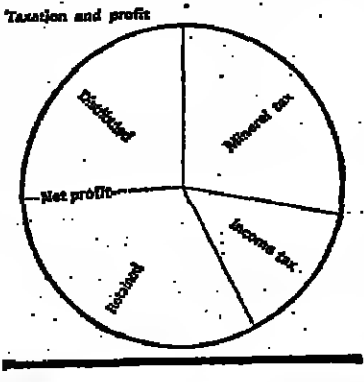


FINANCIAL

The net after-tax profit of the company for the year ended June 30, 1971 was K48.8 million, out of which K22.8 million has been transferred to a reserve for capital expenditure, K0.5 million to debenture stock redemption reserve and K3.7 million to general reserve. The balance of K22 million has been made available for distribution to shareholders.

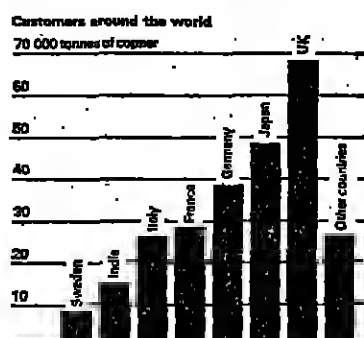
Three equal quarterly dividends of K0.40 per share gross (K0.22 net after tax) were declared in November 1970 and in February and May 1971. The fourth quarterly dividend of K0.12 (K0.06B) was declared in September 1971 and took into account the currently lower copper price and the heavy capital expenditure programmes, in particular for the development of the Luanshya (8alube) and Chambishi expansion projects, and the rehabilitation of Mulufira mine.

Negotiations are in progress for loan finance to cover the major part of the expansion projects.



COPPER MARKET

Copper prices for the year ended June 30, 1971 were down from the levels of the previous year by about a third. London Metal Exchange prices continued to fluctuate, with the average cash sellers' price for wirebars falling from £568 per tonne in July 1970 to £421 in January and rising again to £477 in March and ending the financial year at £448. The price peaked above £500 again in July this year but has since reached the lowest level for four years and at the time of writing is £416 per tonne.



The possibility of a world surplus in copper production capacity has been of concern to the industry for some years, and during the past year, a moderate excess of production over consumption has developed, partly due to the world-wide industrial recession.

The surplus has arisen in spite of various unplanned production curtailments, including a strike in July and August affecting most of the United States producers. Labour and other problems have reduced output in South America and the Mulufira accident has had its effect.

Stocks of copper in London Metal Exchange warehouses, which rose from 31 000 tonnes in July 1970 to 100 000 tonnes in June 1971, had grown by early October to 128 000 tonnes. The continuous availability of nearby copper on the London Metal Exchange has caused the cash price to remain steadily below the three months forward price giving the customers of producer copper, which is still sold on the basis of the cash price a significant advantage.

OPERATIONS

Mulufira Division The consequences of the accident at Mulufira were felt throughout the year. Although a great deal has been achieved, a large amount of rehabilitation work still remains to be done.

Following the accident, work was initially directed towards preventing flooding of the mine. Protective concrete bulkheads and temporary pumping systems were installed and it became possible to return to limited production. Authority to resume mining by caving methods under the western end of the No. 3 tellings dam has been given and stoping has commenced. In the affected area of the mine a support method of mining, utilizing sand filling, will be used.

By January of this year it had become possible to use the Prein rock hoisting shaft and No. 14 shaft at the western end of the mine for hoisting, and a production rate of just over 5 000 tonnes of copper a month was attained.

Since then, efforts have mainly been directed towards the rehabilitation of the Peterson shafts in order to handle ore from the deeper eastern end of the mine. Limited hoisting of ore through one of the Peterson shafts began early in December, and by the end of the month, the second shaft should also be available for ore hoisting, resulting in an increase in the production rate to about 8 000 tonnes of copper a month.

The rehabilitation work, particularly the installation of emergency pumping systems, had to be undertaken in the face of the greatest difficulties, and full credit is due to the efforts of all concerned.

Luanshya Division In February an agreement was reached whereby Roan Consolidated Mines Limited acquired the Saluba orebody as part of the Luanshya Division.

Expenditure on this project should, over the next eight years, total about K34 million, based on present-day costs. Production is planned to begin in 1973 and should reach an annual rate of 22 000 tonnes by the second half of that year, bringing the total output at Luanshya to nearly 120 000 tonnes of copper a year. Later, as output from the older sections of the mine starts to decline, production from the area will be increased to 50 000 tonnes a year.

Mining at Saluba will be by open stoping methods and a ramp from the surface will be used to take large mechanical loaders underground to a depth of 600 metres. The concentrator is being extended to deal with the additional throughput but no extensions are planned for the smaller existing capacity which will be sufficient.

Chibuluma Division Following a decision of the board in November 1970, development of underground mining at Chambishi will increase the mine's output to about 48 000 tonnes of copper a year during 1973. When the open pit is fully depleted it is planned that underground mining alone will have increased to 48 000 tonnes annual capacity.

In order to make the best use of concentrator capacity at Mulufira and thus to offset losses as much as possible, special efforts have been made at Chambishi to accelerate ore production, which reached a record figure during the financial year and continues at a high level. Similarly, at Chibuluma mine, although Norrie shaft was out of commission for three months while it was being re-equipped, production was fully maintained.

At Kalangwa, a concentrator with a designed capacity of 600 tonnes a day began operating in March.

Preparatory The company's prospecting operations have been mainly in areas near Kalangwa mine and on the Copperbelt, and are largely directed towards the extension of knowledge of existing orebodies or mineralized ground. During the year 10 million tonnes of ore were added to the Chambishi mine reserves.

INDUSTRIAL RELATIONS

Industrial relations are good, and this is a tribute to the leadership of the Mineworkers' Union of Zambia as much as to management's efforts. There was only one significant stoppage, when underground heavy equipment drivers at Luanshya were on strike for a week.

Implementation of the September 1970 agreement, apart from a few matters which are currently subjects of discussion, has been generally smooth. Vigorous efforts are being made to improve communications with our workers by the introduction of briefing groups and joint consultation.

Zambianization continues to make good progress. Despite increases in productive capacity and the heavy commitment of expatriates to training functions, the number of expatriates employed has been reduced by more than 1,000, or one-third, in the past six years. The company attaches great importance to smooth and efficient Zambianization, and the heavy expenditure involved is considered to be wholly justified.

A lack of candidates with good background in mathematics is still a handicap to Zambianization of the sub-professional and professional fields, but the rapid increase in the number of Form V school leavers is making a material contribution to the solution of this problem, and the

company was in fact able to award a record number of bursaries for technical training in 1971.

CONCLUSION

I should like to record the excellent spirit which has prevailed in all sections of your company and the mining industry as a whole. Relations between Government, Mindaco (the controlling shareholder), management and employees have justified great confidence in the company's future.

We have less grounds for optimism about the immediate financial outlook. Not only have we lost a very large amount of copper production, but the price received for our copper has considerably fallen from its previous high levels.

However, the mining industry must look to the long-term trends in world consumption rather than to the short-term fluctuations of a daily market. Our plans are therefore unaltered. In that we shall spend about K75 million in the next few years in raising the production of copper from Luanshya to 120 000 tonnes a year, end of Chambishi to 48 000 tonnes a year.

A capital programme of this magnitude imposes not only a burden on the company but also a short-term strain on the Government's revenue. I am confident that these sacrifices will be fully justified by the subsequent additional revenue from extra production. We are very conscious of the necessity for the strictest control of expenditure, for the maximum of efficiency and the minimum of waste. To increase our share of the market will require every effort to maintain the lowest possible costs and the highest possible quality.

I should like to pay tribute to my predecessor, Mr. Andrew Sanderlin, for the firm foundations he laid before his resignation as chairman took effect in February this year. I should also like to convey the warm gratitude and appreciation of the board for the loyal contribution made by all employees to the well-being of the company and the prosperity of Zambia. I am sure now that we shall be equal to any task that lies ahead.

Roan Consolidated Mines Limited is incorporated in Zambia. Copies of the full text of the Chairman's statement, together with copies of the annual report and accounts, can be obtained from its London representatives, the Secretary, RST International Metals Limited, One Noble Street, London, EC2V 7DA.



Annual Statements—Continued

KINTA KELLAS RUBBER

The 61st annual general meeting of Kinta Kellas Rubber Estates, Limited, was held on October 28 in London. The following is an extract from the chairman's statement of the chairman, Mr. J. R. TANNOCK.

The profit for the year after extraordinary expenditure was £15,808, compared with £15,843 for 1969/70. The main reason for this decline in profits was the lower price of rubber which prevailed throughout the year. The directors recommended a final dividend of 7½ pence, making a total distribution for the year of 10 pence.

The Tin Mining interests continued to provide an increasing addition to our income. Royalty received during the year from Kinta Kellas Tin Dressing Company, Limited, and sundry contributors, increased from £53,250 to £57,156. Our investment interest and dividends showed a modest increase.

In his review of the Company's Estates, the Chairman referred to the acquisition on 1st January, 1971 of Sungai Klah Estate and also to the construction of two new factories for the manufacture of Heveacrub rubber. He continued:

Until such time as the world price of rubber rises, it is impossible to anticipate increases in profits but your Company is well placed to weather the present depression and to provide a very reasonable return to its Shareholders.

SECOND BROADMOUNT TRUST LIMITED

REVENUE AND DIVIDEND INCREASED

The Chairman, Mr. E. B. Montrose, J.P., at the meeting recently held, said inter alia:—

Gross revenue at £124,208 shows continued growth and the net profits are correspondingly increased. The detailed valuation at the year end amounted to £2,578,069 compared with a book value of £2,217,731. Giving effect to this value, each 5p ordinary share is represented by 42½p (8s. 6d) of assets. Takeovers and mergers continue and probably tend to "strengthen" our portfolio.

Your Board is recommending a final ordinary dividend of 13 pence, making in all 21 pence for the year—an increase of 2.5 pence. A balance of £52,795 will be carried forward.

For the current year, we expect—at least to repeat—the present distribution.

PHOTO-ME INTERNATIONAL LIMITED

FURTHER PROGRESS ANTICIPATED

The 9th annual general meeting of Photo-Me International Limited will be held on December 16 at Seven Hills Hotel, Cobham, Surrey, at 4 p.m.

The following is an extract from the circulated statement of the Chairman, Mr. E. F. Weston, F.C.A., on the Accounts for the year ended 30th April, 1971:—

At the time of our Interim Statement we indicated there might be some necessity to provide the Group with increased financial means to meet planned objectives. Accordingly, your Directors are making no recommendation as to a final dividend because we think that by withholding such a distribution we will be acting in the better interests of our members than by diluting the equity with a rights issue.

Growth continued during the year although there were a number of problems. In the United States, losses were incurred by our subsidiaries operating in Los Angeles and in the New York area.

Your Board recently made a severely critical and realistic appraisal of some of our affairs. They have decided to scrap certain equipment which was not ideally suited to the American market, to close three print shops in Germany, and in the United Kingdom to abandon some development projects, the success of which was not assured.

We shall continue the policy of increasing the investment in vending machines for our own operation, particularly in multiple choice studios, and in machines delivering colour photographs. Both types are currently producing encouraging returns.

Plans for expansion in all our overseas subsidiaries are being implemented.

The current year to date shows turnover continuing to advance and we expect to make further progress in terms of both growth and profit.

SALIENT FIGURES FROM THE ACCOUNTS

	1971	1970
Group turnover	4,608,696	3,908,698
Group profit	435,579	439,129
Profit after tax and minority interest	123,267	157,839
Dividend (Gross)	31,500	94,500

Copies of the Accounts and Chairman's Statement may be obtained from The Secretary, Photo-Me International Limited, Station Avenue, Walton-on-Thames, Surrey.

CCL SYSTEMS LIMITED



Upward Trend Continues

Extracts from the circulated review of the Chairman, Cmdr. R. D. Robinson, R.N. (Retd.):—

The trading profit for the year ended 31st May 1971 amounted to £337,525 compared to £324,200 last year, turnover increasing from £2,396,000 to £2,645,000. With the exception of a slight fall in 1968, profits have increased every year since we became a public Company seven years ago. The Directors recommended a total dividend of 17½ pence (15%).

We have again had a good year in the export field with turnover at £762,577 showing an increase of 12.3%. Our associated Companies in Australia, Holland, India and South Africa have all continued to make progress.

New products in the course of development should enable us to offer our customers a considerably improved and larger range of products during the 70s. Since the beginning of the current financial year, we have obtained some valuable contracts including a further contract for the supply of prestressing materials for the Heysham nuclear station.

The Company is in a strong position to meet any challenges that may arise and to take advantage of the improvement in the economy that undoubtedly must come.

Desalination plants 'cheap as reservoirs'

BRITAIN should aim at getting 10 to 20 per cent of its water by desalination, according to Prof. Robert Silver, of Glasgow University, one of the world's foremost authorities on seawater distillation.

His views are reported by Weir Westgarth, of Troon, Ayrshire, constructors of large scale land-based desalination plants.

Prof. Silver says that if the whole of Britain's domestic water consumption of 2,500m. gallons a day had to be obtained by desalination the extra cost would be £280m. a year—one per cent. of national consumer expenditure.

A far more realistic aim was to think in terms of obtaining 10-20 per cent of our water by desalination. At the most it would increase national consumer expenditure by one-fifth of 1 per cent.

Prof. Silver is a pioneer of the MSP (multiple-stage flash) evaporation process which reduces the cost of desalination and is the basis of most of his commercial sea water distillation plants built in the past 10 years. In 1968 he was awarded the first (INPSC) science prize for his work in this field.

Weir Westgarth suggests that "fresh-water factories" could be built in Britain in conjunction with smaller reservoirs as an alternative to giant reservoirs which smother the environment. These smaller reservoirs with their own desalination plants would take care of the occasional drought.

Weir Westgarth says that Prof. Silver's estimates suggest that the average cost of obtaining water from a reservoir built at today's prices in the U.K. would be from about 15p to 30p a thousand gallons, depending on the site. This cost, which rises in the same order as the estimated

SHARE INCENTIVE PLAN APPROVED

By Michael Blanden

In spite of opposition from institutional shareholders, Mitchell Construction Holdings yesterday succeeded in gaining shareholders' agreement to the proposed executive share incentive scheme. At an extraordinary general meeting in Peterborough, at the company's head office, the proposal was accepted unanimously on a show of hands with no poll called for.

The Investment Protection Committee of the National Association of Pension Funds had recommended its members to oppose the scheme, mainly because of the low price at which shares are to be issued to executives.

£10,000 MENTAL HEALTH GRANT

The National Association for Mental Health has received a grant of £10,000 over three years from the Calouste Gulbenkian Foundation.

new projects in Portugal

The Group has substantial production facilities in this country, where it has been operating for many decades. Its local organization is available to assist anyone who wants to take advantage of opportunities in Portugal and its expanding market and/or use existing infrastructure in Portugal for outlets to other European markets.

Licensing arrangements are preferred; joint ventures for a given project can also be taken into consideration.

Write to Box A2319, Financial Times, 10 Cannon Street, London, EC4P 4BY.

austinsuite FURNITURE

The 34th Annual General Meeting of F. Austin (Leyton) Ltd., was held on 28th October, 1971 at the Company's Registered Office, London, E10.

Turnover increased by approximately 20 per cent resulting in a more profitable year with pre-tax profits at £182,150.

When our new development programme is completed later this year we shall be in a position to increase substantially our production volume and justify the considerable capital investment which we have made over the past two years. This should be accompanied by considerable savings of costs which automatic conveyerisation will bring about.

We shall be launching a range of office furniture in the autumn of this year and prototypes have been readily accepted by many leading distributors as meeting the market requirements.

We are intensifying our efforts generally in the marketing of all our products, I believe these efforts should come to fruition in the near future and that the Company will be in a favourable position to improve its profitability.

Have you tried the double-barrelled scotch?

The first barrel. Imagine thirty or more classic straight whiskies each maturing in oak casks. Then, when they've reached their individual peak, imagine them blended together. Most people would be satisfied at this stage. But not Cutty Sark.

The second barrel. They put the scotch back into the wood to let the malts mingle, marry and mature together for at least another year and a half. Growing in subtlety and character until a flavour emerges that is undoubtedly greater than the sum of its parts.



Double-barrelled to mature the malts.



THE BRITISH LAND COMPANY LIMITED

Total Assets Expand from £38 million to £98 million

Extracts from the Statement by the Chairman, Mr. John Ritblat:

The British Land Group has been greatly enlarged as a result of the Regis and Halesbury acquisitions. Regis' holdings in the West End and City of London, including Plantation House, comprise outstanding office property with large, in-built reversions which ensure that the Group's organic asset growth from its holdings is materially enhanced. It is already clear that the newly acquired holdings will yield a substantial surplus to the Group.

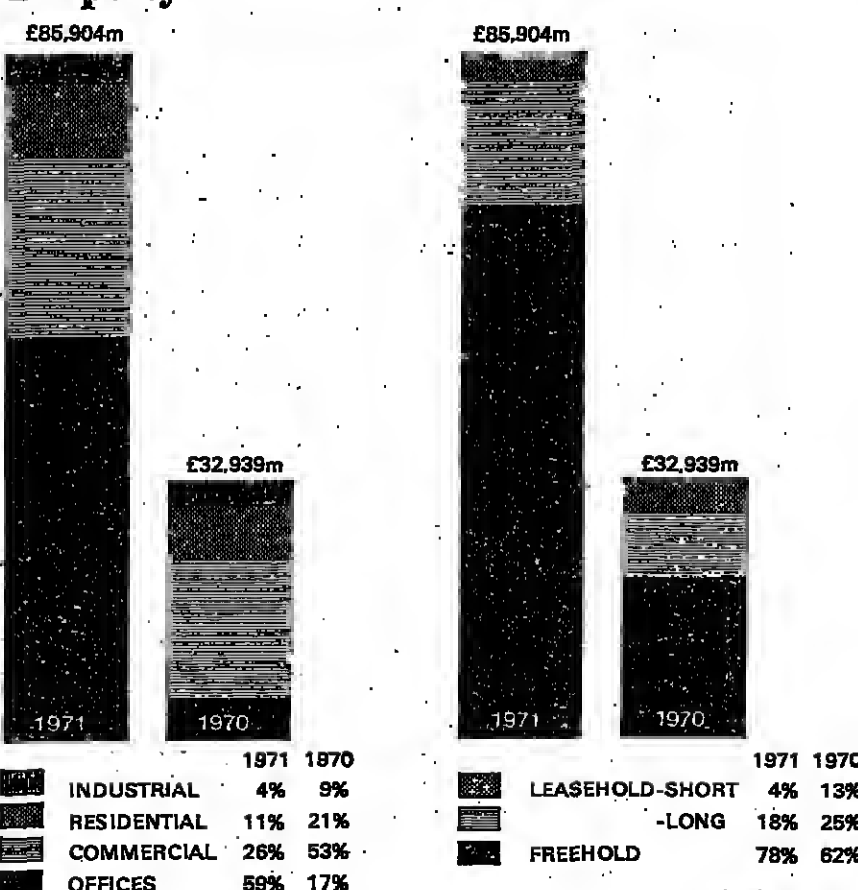
Since the end of the financial year we have pruned our residential property portfolio vigorously, and the proceeds of £5m. are being employed in fewer, more remunerative investments, offering greater scope for expertise. In all, sales of properties and companies since the end of March have produced £14m.

It will be some time before the results of our considerably expanded development programme are seen. In addition to U.K. projects, we have others under way in Australia. We also have city centre office projects in hand in Belgium, France and Ireland. The actual cost of properties already held by the Group for redevelopment over the next five years, together with our estimate of the cost of development, is likely to be of the order of £20m.

The Future

We believe that a property company should be so constructed that the inherent quality of the properties themselves underpins the growth in shareholders' funds, while the management team exerts the extra dynamic. The present portfolio already secures net asset growth, which will accelerate from developments and planned acquisitions. The dynamic accretion is less easily forecast, but is likely to lead to improvement in asset value, rather than immediate income.

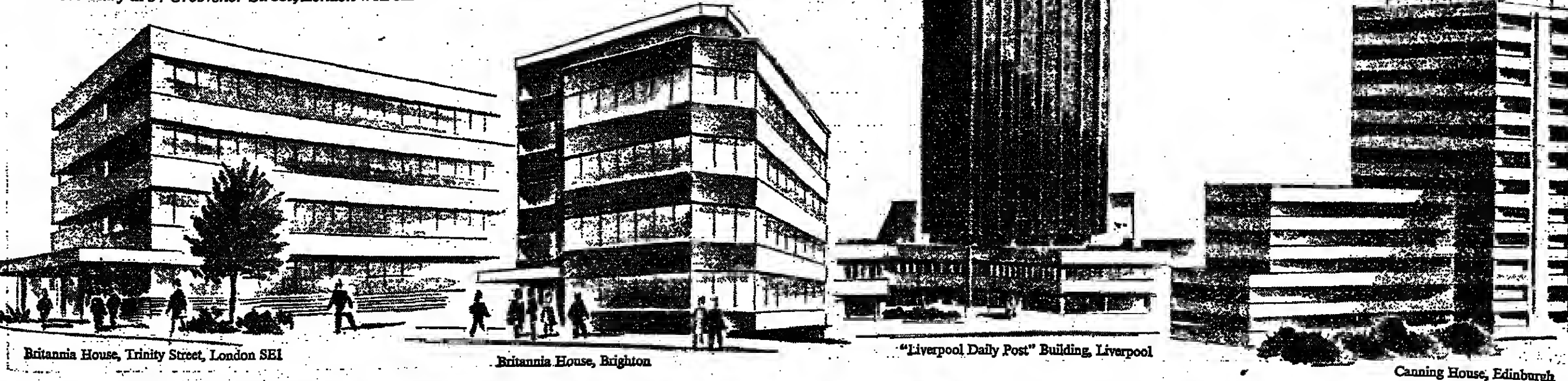
Property Portfolio



Results for 1971.

	Year ended 31st March, 1971 £000	Eleven Months ended 31st March, 1970 £000
Net Profit: before taxation	1,948	842
Taxation	739	375
after taxation	1,209	467
Unappropriated profits 1st April, 1970	123	168
Available for appropriation	1,332	635
Dividends: Interim of 5% (1970-5%)	289	222
Proposed final of 6% (1970-5%)	623	290
	912	512
Unappropriated profits 31st March, 1971	420	123

Copies of the Annual Report and full Chairman's Statement are available from the Secretary at 54 Grosvenor Street, London W1X 0HA



The Property Market

BY MICHAEL O'HALLORAN

Tale of the Berk block nears end

IT WAS SOME months ago that reported the rumour that the former Berk Chemicals' building in Baker Street had been let was right—the 100,000 square foot block now bears the name of Power Gas Corporation, for this company has won possession of some 80 per cent. of the space at a cost of around £6 per square foot. This may not be startling news as far as the property world is concerned, but the deal does have some interesting ramifications.

The most important result of the letting was the coming to the market of the vacated Power Gas block—Balfour House in Finsbury Pavement (pictured). It is a good building, erected only four years ago, but the asking price of £9 per square foot did seem rather high to me. The position is just a little "fringe," and the redevelopment of adjacent dismally offices seems to look as if I am going to be proven wrong, for the grapevine says that several top covenants have been competing for the space, offered by Henry Davis and Co.

Not all of the tale surrounding the Berk building has been told. For a start, Power Gas started

in May by having only 46,000 square feet in the block. I gather that this was followed by some intense negotiations to acquire a further 35,000 square feet or so from existing tenants. One tenant who did agree to a move—the advertising company EDDO—became involved in the Ralph Parsons series of deals, giving the company a healthy profit rental by taking the 28,500 square foot block in St. George Street.

I gather that almost 8,000 square feet of surplus space is already under offer at £7.50 per square foot. (The building is one of the stars in Lynton Holdings' portfolio.) Of course, Power Gas must also be looking forward to a healthy profit rent. Berk House was originally developed some 12 years ago by Sir Max Rayne, and I think the initial rent was around 80p per square foot! The head leasehold is now owned by the Coal Board Pension Fund. Hampton and Sons were jointly involved in the letting with Healey and Baker.

Star looks to finance growth

The new finance subsidiary which Star (Great Britain) announced yesterday could well be of great importance to the property world. It starts life with £40m., but I gather that the aim is to hold as much as £100m. within only six months.

This kind of money will finance a lot of development, and one must speculate about the speed and degree with which Star will spread its wings outside of its own property interests and those of its associates.

Talking of associates, I gather that the subsidiary will also be responsible for around 10 per cent. of Dalton Barton—a particularly property orientated merchant bank. Star built up this stake last year at a price which is approximately half of its current value. We could perhaps see more links from this quarter.

Although the new company starts with a strong team, more well-known names might soon be announced, I hear that Star is in the process of tempting several people away from leading merchant banks. And this prompts one to speculate upon the extent to which Star's new venture will become involved in all aspects of merchant banking at home and overseas.

Rates threaten rent levels

Thinking more about rents, have the bulls of the market contemplated the possible implications of next year's rating revaluation? As Ronald Coleman pointed out this week, many rating assessments were made when London space which now commands £7.50 per square foot was fetching a fifth or even less of

that figure. Similar circumstances apply throughout the country.

It would appear that new assessments will relate to modern rental values and will therefore increase by several hundred per cent. Of course it is logical to expect that the rate poundage will be considerably reduced if the rateable value of any given area increases fivefold. Nevertheless, the current trend is to disproportionately increase the rate burden on offices and commercial premises as opposed to residential property.

Initially, new assessments could seriously affect—even reduce—rental values. The burden of overheads simply became too much for tenants in certain locations. Accordingly, certain calculations being made today about reversionary rental values could be upset to no small degree. It is a potential problem which cannot yet be quantified. What do readers think about it?

Irish Life to invest in U.K.

Irish Life Assurance is expanding the interests of its property bond to the U.K. It has just paid around £200,000 for a freehold shop in Broad Street, Reading, but this is regarded by the company only as a forerunner to "very substantial propositions." Investment today about is probably fiercer in London than in Dublin, and it will be interesting to compare performance. A plus factor is the appointment of Jones Lang Wootton as property consultants. I also hear that one of the leading pension funds is looking to the Continent—its first aim is the office market in Paris. There are legal and administrative difficulties to be overcome,

but success would bring an entirely new dimension to the investment world. Imagine pension funds following the example of Legal and General, which has just spent over £3m. in South Africa, including £2.2m. for the 100,000 square foot Citibank Centre in Johannesburg. Equity and Law continues to be active overseas, its latest purchase being the Olivetti block in The Hague. Richard Ellis and Son were the agents involved in both transactions.

London office market quiet

It has been a fairly peaceful week again in the London office market, with general relief being felt over the long-awaited disposal of the Milk Street building. A worried face which I saw yesterday belonged to the owner of a Cannon Street restaurant frequented by various agents—he wants to know who and why is behind the buying in the block which runs eastwards from Mansion House tube station. Rumour says that one of the rarities of the property world—a lady developer—might be able to enlighten him. It is certainly a key position, and something is definitely happening there. Other space which has been hanging fire for some time is the 5,000 square feet banking premises in Woolgate House at Coleman Street, where the asking rent had decreased to about £11 per square foot. It has now been let to an Irish bank, but my information is that the rent agreed is actually around £9 per square foot. Pause for thought! Hampton and Sons offered the space in conjunction with Matthews and Goodman, while Jones Lang Wootton acted for the tenant.

Office Planning, a company run by Mr. William O. Ivey, tells us that "the acute shortage of office accommodation" in Central London "could be overcome quite quickly if more business directors were to realise the suitability of conversion of warehouses." Mr. Ivey adds that 50 available warehouses with a total of almost 750,000 square feet lie within three or four miles of Charing Cross, and that the figure for suitable conversion projects within the London postal area is around 3m. square feet. If Mr. Ivey can also explain how to overcome the planning problems usually involved with such conversions, many a developer would be only too happy to make him a rich man! As a planning refusal banded out to Caplan Hay and Co. this week said "... is contrary to the Council's policy ... which is to restrain the further development of offices ... loss of unknown accommodation ..."

OUT AND ABOUT

One of my favourite companies—Frimcon Holdings—has taken over Ashford Developments. This move follows the granting to Ashford Developments of a major central area redevelopment consent in the town which gave the company its name. The development, which will be undertaken in partnership with the Coal Board's pension fund, will incorporate three supermarkets, 44 shop units, a public house, and a 480-car car-park. Two of the supermarkets have already been let and negotiations for the third are well advanced. Healey and Baker are joint agents with Burrows and Co.



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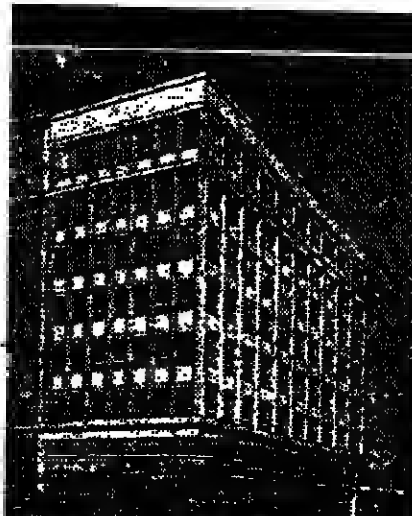
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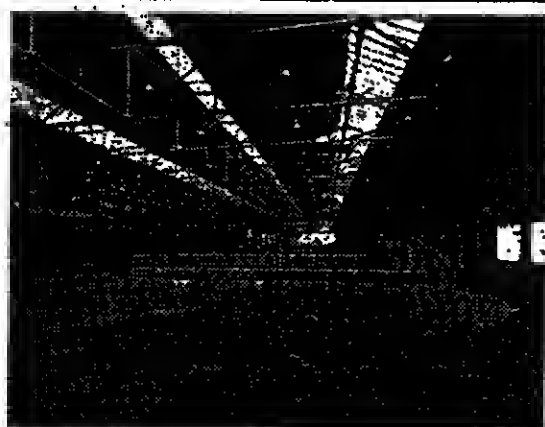
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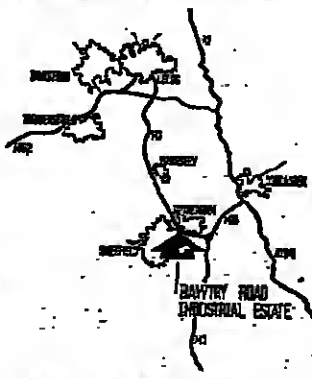
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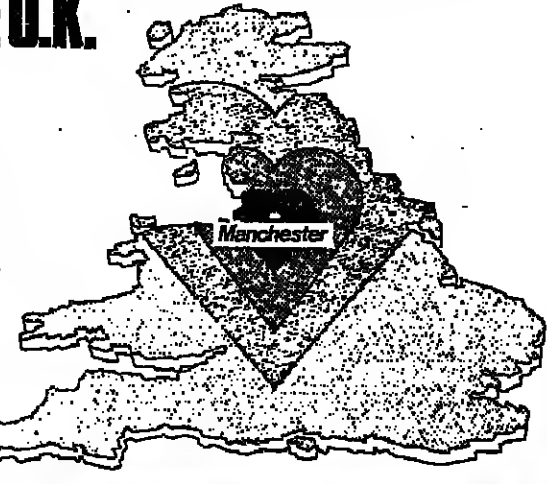
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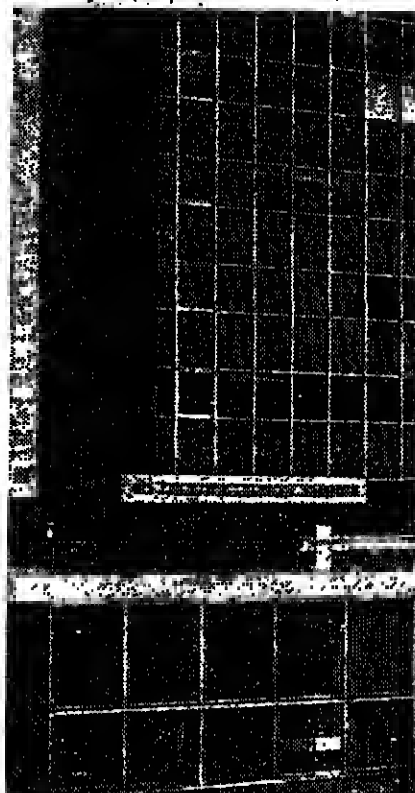
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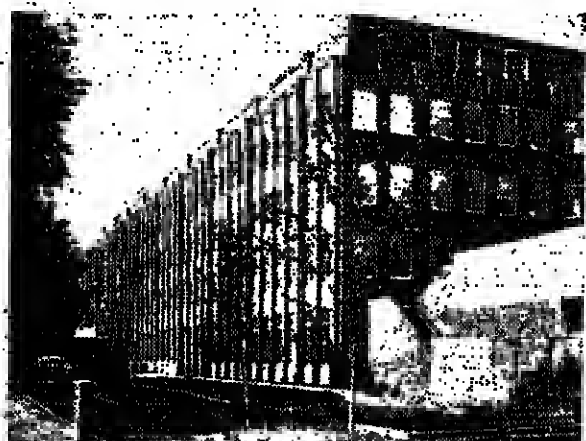
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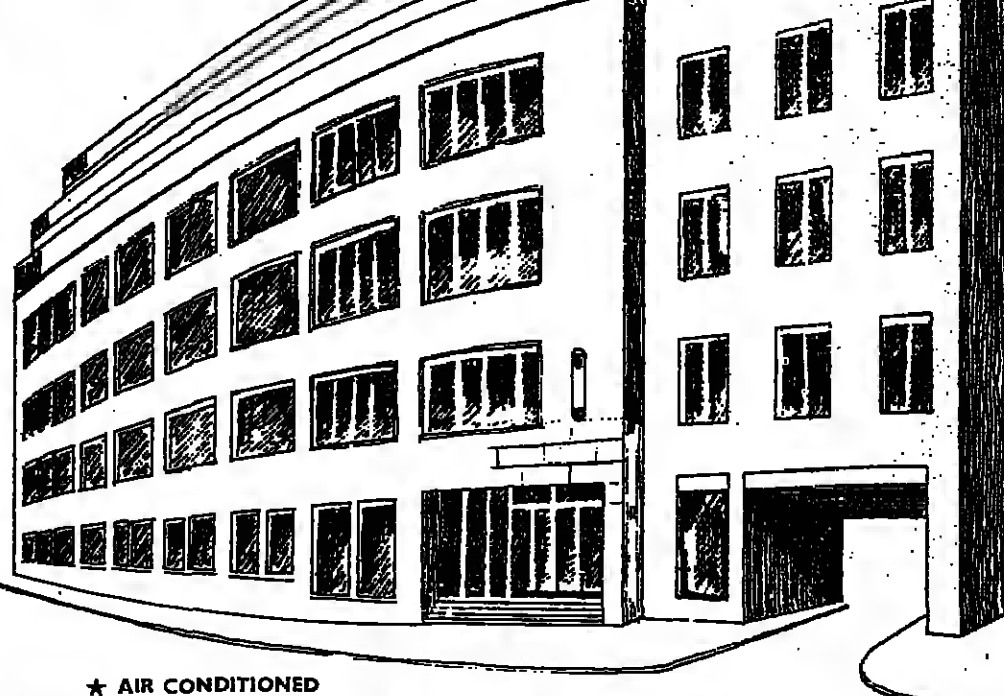
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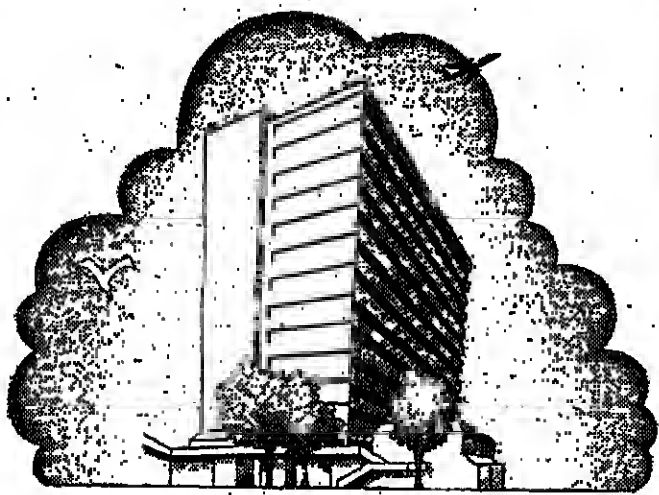
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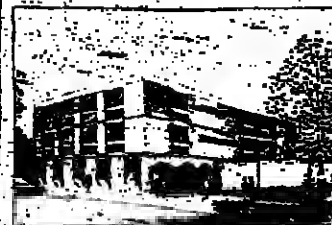
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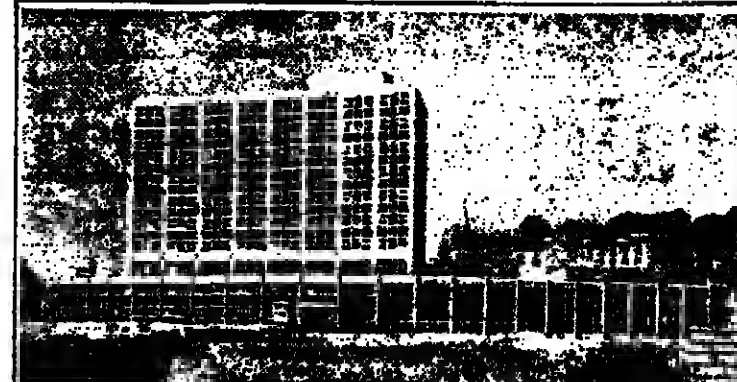
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NO I.D.C. REQUIRED

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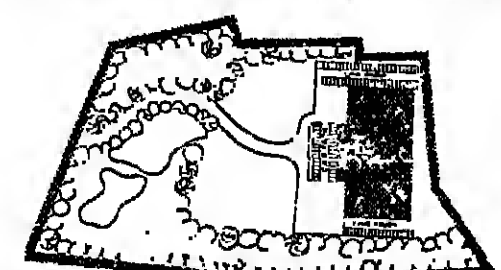
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F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and the Faculty of Actuaries in Edinburgh

EQUITY GROUPS			Thursday, Oct. 28, 1971										Wed. Oct. 27		Tues. Oct. 26		Mon. Oct. 25		Fri. Oct. 22		Year ago (approx)		Rights and Low Index			
GROUPS & SUB-SECTIONS			Index No.	Days' Change %	With 40% Ownership		Div. yield %	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	Index No.	1971	Since completion										
Net change yield %		Ret. Ratio			High	Low										High	Low									
CAPITAL GOODS GROUP (184)			158.60	+0.1	6.02	16.62	0.78	166.38	106.03	104.05	187.92	128.72	182.00	103.09	191.50	92.2										
Aircraft and Components (3)			131.17	-1.0	8.08	18.87	4.76	132.45	153.33	136.59	183.90	107.98	132.45	68.40	280.13	64.4										
Building Materials (29)			166.30	+0.2	4.70	18.03	3.29	166.97	133.83	188.70	167.56	105.98	167.53	95.30	167.98	65.0										
Contracting and Construction (20)			372.55	-1.3	5.13	19.50	2.26	266.40	267.63	288.30	270.43	194.37	141.01	62.3	269.63	59.6										
Electric (ex. Electr. Rad. & TV) (13)			371.48	+0.5	5.31	10.18	0.28	272.33	264.88	264.84	269.59	218.06	266.22	138.38	335.11	84.7										
Engineering (79)			139.94	-0.1	5.83	14.94	4.51	139.93	132.83	133.95	130.20	184.53	149.28	102.56	165.85	82.9										
Machine Tools (15)			63.37	-1.0	7.65	10.57	5.53	62.67	61.61	61.67	63.00	64.39	62.30	62.3	189.60	62.7										
Miscellaneous (25)			124.68	+0.9	7.49	13.25	4.28	123.46	121.31	121.65	135.07	118.18	123.65	60.3	201.89	61.6										
CONSUMER GOODS (DURABLE) GROUP (56)			179.31	+0.6	4.25	22.52	3.91	178.97	175.69	178.06	177.21	139.39	185.09	117.35	197.87	79.1										
Electronics, Radio and TV (14)			183.38	+0.2	4.04	24.78	3.39	183.01	179.79	180.74	183.68	103.63	192.14	183.51	194.56	71.1										
Household Goods (15)			208.15	+1.1	5.75	17.46	3.24	203.89	203.38	202.19	202.99	128.43	207.28	115.38	207.28	63.5										
Motors and Distributors (27)			138.28	+1.0	4.06	24.60	3.29	125.55	183.37	123.30	128.29	94.03	118.18	72.51	153.63	61.6										
CONSUMER GOODS (NON-DURABLE) GROUP (175)			182.58	-0.4	5.56	17.99	3.76	183.80	160.74	160.16	161.40	134.88	179.07	118.17	178.37	83.7										
Breweries (21)			322.48	-0.1	5.81	18.16	5.53	182.70	178.45	177.42	178.78	121.47	182.70	118.17	178.37	83.7										
Wines and Spirits (7)			180.60	-1.8	4.49	14.41	4.35	183.70	159.59	159.70	162.12	140.71	188.56	144.41	186.06	80.7										
Entertainment and Catering (15)			332.55	-	5.56	17.91	3.14	328.59	331.34	333.36	324.39	181.95	341.33	177.89	241.53	81.1										
Food Manufacturing (24)			142.42	+0.3	5.63	17.71	3.61	141.94	141.94	141.68	142.13	110.28	141.94	69.94	141.94	81.1										
Food Retailing (17)			156.04	-0.1	6.16	14.98	3.25	156.30	154.57	156.23	158.64	104.77	156.30	62.3	156.30	81.1										
Newspapers and Publishing (15)			154.79	+1.0	6.60	17.88	4.54	162.33	151.95	161.17	150.08	113.65	159.33	101.56	164.86	81.7										
Packaging and Paper (15)			113.98	-0.3	6.77	14.77	4.60	118.01	113.66	111.92	112.84	109.10	126.37	82.51	134.03	81.5										
Stores (30)			135.34	-0.9	4.39	29.30	3.05	136.93	154.34	153.08	154.19	110.26	136.93	62.3	136.93	81.5										
Textiles (21)			169.90	-1.7	5.80	18.13	0.81	172.83	168.83	168.28	168.87	147.18	169.90	62.3	169.90	81.5										
Tobacco (3)			217.90	+1.5	10.00	9.93	5.05	214.55	210.50	209.00	211.80	601.18	254.47	170.08	305.08	84.3										
Toys and Games (6)			83.14	-1.4	7.06	13.33	2.93	33.92	53.10	53.16	53.26	86.13	88.03	44.80	133.72	84.3										
OTHER GROUPS			180.67	-0.6	0.46	18.94	1.63	181.85	178.38	177.99	180.70	143.81	200.38	138.16	201.99	83.2										
Chemicals (19)			172.08	-0.7	3.83	23.10	1.78	173.03	174.56	170.92	173.73	139.69	010.05	153.68	010.05	108.1										
Office Equipment (10)			338.05	-0.3	8.15	18.36	5.06	387.16	524.06	525.20	322.23	015.92	352.60	894.78	355.44	90.8										
Shipping (10)			195.66	+0.4	5.46	18.34	3.58	197.89	193.09	193.37	192.70	140.35	197.89	75.53	197.89	81.5										
Miscellaneous (unclassified) (44)			169.88	-0.2	5.31	15.15	0.60	169.13	166.74	166.31	167.67	-	176.61	120.01	175.01	180.8										
INDUSTRIAL GROUP (49% SHARES)			332.56	-0.0	6.10	15.39	0.90	324.75	322.05	319.28	324.47	332.31	363.50	265.74	451.68	87.2										
Oil (2)			151.99	-0.8	5.60	17.87	3.65	183.40	180.05	170.38	180.97	145.70	190.63	138.44	105.75	84.9										
500 SHARE INDEX			169.00	-0.1	-	-	2.87	169.55	127.48	166.78	168.53	120.71	178.43	118.75	178.49	69.5										
FINANCIAL GROUP (121)			169.10	-0.6	2.15	13.28	0.00	170.13	167.33	103.85	166.78	104.77	180.15	94.01	62.3	180.15	81.5									
Banks (6)			190.40	-2.5	-	-	4.07	300.15	200.77	188.91	199.16	125.70	201.80	130.78	301.96	87.05										
Discount Houses (6)			384.30	-0.3	4.54	22.04	0.70	378.47	379.37	382.61	386.06	125.70	006.24	182.30	306.84	81.5										
Hire Purchase (8)			163.04	+0.3	-	-	3.00	151.73	146.96	148.43	147.80	124.98	163.04	62.3	163.04	81.5										
Insurance (Life) (9)			102.94	+0.3	-	-	2.34	108.66	151.97	100.01	133.58	88.99	140.87	80.85	140.87	84.4										
Insurance (Composite) (9)			175.96	+0.3	5.07	10.78	2.63	173.45	172.36	171.32	173.98	110.69	187.55	118.27	187.55	81.5										
Insurance (Brokers) (13)			184.18	-0.8	0.00	36.63	2.88	184.58	183.30	185.14	188.28	160.81	187.55	118.27	187.55	81.5										
Investment Trusts (20)			174.90	-0.4	-	-	2.83	175.64	174.08	173.51	173.59	137.17	187.55	108.44	187.55	81.5										
Merchant Banks, Issuing Houses (14)			320.53	+0.1	2.76	00.28	2.94	280.34	819.08	812.77	813.31	156.54	280.34	135.07	280.34	81.5										
Property (31)			190.33	-0.4	0.41	18.49	4.02	191.13	187.98	188.50	189.58	-	191.13	120.01	191.13	81.5										
Miscellaneous (9)			178.78	-0.2	-	-	3.46	179.18	170.82	179.13	177.77	130.44	187.38	120.01	187.38	83.7										
ALL-SHARE INDEX (621 SHARES)			178.78	-0.2	-	-	3.46	179.18	170.82	179.13	177.77	130.44	187.38	120.01	187.38	83.7										
COMMODITY SHARE GROUPS (Not included in the 500 or All-Share indices)			948.32	-0.3	9.60	10.48	7.33	949.16	203.60	944.70	945.11	148.66	257.50	163.08	257.50	84.68										
Rubbers (10)			103.67	-0.5	16.13	6.80	8.94	102.78	102.60	101.40	101.02	80.11	103.67	78.71	114.67	59.96										
Teas (10)			238.08	-1.8	74.58	1.34	80.76	242.27	242.67	230.39	347.80	232.27	238.08	62.3	238.08	81.5										
Coppars (4)			75.71	+1.0	6.81	14.69	4.39	74.93	73.29	74.89	-	76.78	73.28	114.67	59.96											
Mining Finance (11)			75.71	+1.0	10.73	9.30	2.19	75.18	72.87	72.80	72.01	67.04	75.71	108.07	34.85											
Tins (8)			190.33	-0.4	0.41	18.49	4.02	191.13	187.98	188.50	189.58	-	191.13	120.01	191.13	81.5										
FIXED INTEREST			Index No.	Yield %	Thurs. Oct. 28	Wed. Oct. 27	Tuesday Oct. 26	Monday Oct. 25	Friday Oct. 22	Thurs. Oct. 21	Wed. Oct. 20	Year ago (approx)	1971	Completion												
Consols 2 1/2% yield			2.17	5.68	5.59	5.59	5.58	5.58	5.58	5.58	9.54	-	-	-	-											
20-yr. Govt. Stocks (6)			85.99	7.47	85.89	85.98	85.14	86.78	85.99	86.38	79.50	85.57	70.60	116.49	65.45											
20-yr. Red. Debentures & Loans (18)			79.86	9.82	78.44	79.65	79.71	70.78	70.83	78.65	71.74	79.86	62.3	79.86	62.3											
Investment Trusts Prefs. (15)			70.38	9.38	78.78	78.78	78.78	78.78	78.78	78.78	69.90	70.38	62.3	70.38	62.3											
Commercial and Industl. Prefs. (20)			85.64	9.00	85.54	85.58	85.48	85.47	85.28	85.00	74.00	85.64	62.3	85.64	62.3											

The Financial Times Friday October 29 1971

INDUSTRIAL (Miscellaneous) - Continued

Stock	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	96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Index fell 2.2 to 410.6

THE LEX COLUMN

Ups and downs at Dunlop/Pirelli

Better than anything else, Dunlop's share price performance yesterday signifies the communicative quality of the latest interim figures: 135p ahead of the announcement, the shares hit 157p afterwards before subiding to 140p, 1p down on the day. Chronologically, this tied in with (a) the expectation of poor figures, (b) the news of a good first half by the Dunlop component, and (c) an overall picture of depression—that depression caused, quite simply, by the consolidation of the Pirelli Italian operation.

Dunlop's slice of the union, for January-June, 1971, is up from £3.69m. to £5.44m. at the net attributable level, and it would probably have hit the £6m. mark but for consolidating the associates and minorities of Pirelli on the new basis. The Dunlop picture, the forecast of a similar second half, and changes in group capital structure—postponing the Italian losses until they are offset by profits from the same source—may be regarded as a spoonful

of sugar by some Dunlop fans. But the medicine that goes with it is not quite so palatable. The fact is that the union has produced half-time profits down from £5.5m. to £2.44m. at attributable level, with Pirelli a sizeable debit due to Italian losses of around £6m. The losses might be reduced in the second half, but it would probably be unwise to hope for more than £8m. net for the year against £10m. in 1970. The recovery potential is dramatic, heightened by Pirelli's financial gearing—the main reason for union (Dunlop/Pirelli) interest payable up from £12.83m. to £16.70m. in the first half—and the fact that its losses do not qualify for tax relief. But the drama is all foreseen in an equity capitalisation for Dunlop of just under £137m.

See also Page 31

Hoover

In theory a 20 per cent profit rise in the third quarter from Hoover, after gains of 22 per cent in the first two, might have disappointed the market, em-

bracing, as it did, a good slice of the post-July durables boom. The shares were up 20p yesterday, however, to 533p, and it may be noted that last year's third quarter included an exceptional profit on the sale of a South African factory, while the three months to September 1971 saw some gearing up for higher production levels (300 new employees in the U.K. for example).

Now Hoover's sales growth rate of 22 per cent in the first nine months probably contains about 15 points of volume growth, but most of this must have come out of greater capacity utilisation—the bulk of the 25 per cent. addition to group capacity from Merthyr and Cambuslang having yet to be exploited. The implication is that the recent rate of volume growth is easily enough maintainable (given the demand) for 18 months or so. Meanwhile, a better final quarter should permit profit growth for the year at least the first half rate, and £10½m. pre-tax would indicate earnings of 52p a share

against 25p for a p/e ratio of 16½. On this going, Hoover will easily have financed the capital expenditure effort of 1970 and 1971 out of cash flow, so there would seem to be no impediment to growth on the output side. As for demand, it is sometimes not appreciated that overseas markets take about 65 per cent. of group sales. The gamble with Hoover is simply on its ability to penetrate markets, and the record had been good to date.

See Page 29

Bovis/Page-Johnson

Being a Bovis shareholder is never dull: the past week has seen the acquisition of Twentieth Century Banking for £6.5m., details of the £50m. property development programme, and now an agreed bid for Page-Johnson Builders. At 163p a share—half a Bovis Ordinary plus 57p nominal of either non-convertible or convertible loan stock—the bid takes out P-J on a p/e of just over 14, on the basis of an indicated £1m. pre-tax for the year

to end-September. Bovis must be roughly doubling its penetration of the U.K. private housing market, and it is getting hold of P-J's land bank with space for 9,500 units in this country, making around 16,000 all told.

After maximum dilution the deal stands to drop Bovis's prospective p/e from 17.4 to 16.7 at 212p, and then to 16.0 as P-J is apparently going for £12.5m. pre-tax in its current year. At least there are no financing problems here, nor in the property side, where developments are mostly pre-financed; the 20th Century deal will have to be funded, probably through a share and loan stock placing, but not until next May, by which time there will hopefully be some good news around about earnings.

See Page 30

McKechnie Bros.

McKechnie Brothers has emerged from 1970-71 with adjusted profits just £333,000 down from £391,000, including attributable associated company profits of £795,000 against £701,000: after six months

profits, excluding the associated companies, were £1.1m. lower. Admittedly strikes were a problem a year ago when the second half—contrary to the historic pattern—contributed under half the group total, ignoring copper stock variations (now deconsolidated). Yet this year's swing round requires more than just a seasonal explanation.

Part of the explanation is a better trend in the U.K., 64 per cent. of earnings a year ago and the main problem area in the first half, judging by the minorities charge. Overseas acquisitions more than account for the overall sales rise, with very roughly 30 per cent. of home sales going to the motor industry and the same again to the builders, demand here should be noticeably firmer. At the same time, lower copper prices ease stock financing costs, with a £100 variation in the price making a difference of perhaps £1m. to working capital. A fully diluted p/e of 12.6 at 88p reasonably expects these trends to continue in the current year.

See Page 31

Japanese put proposals to curb exports to Europe

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

A seven-point Japanese plan for limiting exports to Europe was voluntarily outlined to leaders of the Confederation of British Industry yesterday. It is intended to counter widespread complaints that the Japanese have steadily flooded the U.K. and other countries with key products in face of restrictions on sales to the U.S.

The CBI, which met leaders of the Keidanren, the Japanese industrial federation, explained that there was particular concern in Britain about a 40 per cent. rise in Japanese steel exports in recent months and a threefold increase in ball bearings sales over the last 18 months, tied to prices 25 per cent. lower than comparable U.K. levels.

"New concept"

Although Mr. Campbell Adamson, the CBI's Director-General, described the Japanese proposals as "an important new concept" it is expected to take at least six months to finalise the details of the scheme, fixing the extent and speed with which Japanese sales of various products should be allowed to grow in Europe.

The following steps to be taken by the Japanese to ensure "orderly marketing": 1—Fiscal measures to boost the Japanese economy, so as to create more demand at home and reduce pressures to export.

2—Control of exports by commodity and destination in cases

of excessive competition among exporters or the threat of disruption of overseas markets. This control would be carried out by the Japanese Ministry of International Trade and Industry.

3—Voluntary export control by various industries themselves, on the lines of the agreement now being concluded for steel exports to Europe.

4—More visits by Japanese delegations to Europe so that businessmen can familiarise themselves with conditions in importing countries and try to foster greater mutual understanding of market conditions.

5—The introduction of an early warning system, under which Japanese imports would be monitored by Japanese trade offices in foreign countries.

Wherever exports might disturb the market of the importing countries.

6—Attempts would be made to encourage knowledge-intensive industries in Japan, to improve the international division of labour and more co-operative industrial activity.

7—Efforts would be made to establish a workable international safeguard provision or revision of Article 19 of GATT.

"These proposals are still somewhat general and will need considerable detailed discussion between European industrialists and their counterparts in Japan," Mr. Adamson said.

"The Japanese have agreed, however, that a small European team should have further dis-

Tribunal on V & G comes to an end

By John Hunt

THE marathon tribunal of inquiry into the collapse of Vehicle and General Insurance Co. ended yesterday after sitting for 56 days and hearing 42 witnesses.

Since the inquiry opened on July 5 about 5m. words of evidence have been given while the documents weighed more than a ton. Considerable expense has been involved and 500,000 pages of photocopies were supplied by the Treasury solicitor alone.

The tribunal's first task was to investigate the much publicised allegation of a leakage of information from the Department of Trade and Industry concerning the company. But most of its time has been taken in examining how effectively the DTI carried out its scrutiny of V & G accounts under the Insurance Companies Acts and the relevant section of the Companies Act of 1967.

The tribunal was the sixth appointed under the Tribunals of Inquiry (Evidence) Act, 1921, in 19 years. There was no indication yesterday of how long it would take Mr. Justice James, the chairman, and his two colleagues on the tribunal, to prepare their report.

In his concluding speech Mr. John Arnold, QC, counsel for the tribunal, said that the debts in the 1970 and 1969 V & G accounts had been present in earlier accounts, then a failure by the DTI to take action would have been a negligent failure.

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Lex pays £4.6m. for Carlton Tower

BY ARTHUR SANDLES

LEX Service Group is paying £4.6m. for Carlton Tower Limited, which owns the 320-room Sonesta Tower Hotel in London's Knightsbridge. It has also bought a 200-room hotel in Baltimore, Maryland, for £1.1m. The Sonesta will become the Carlton Tower again "immediately". This means over the next five or six weeks after an interregnum of about a year during which it has been the Sonesta. There will be no change in the staff or style of this luxury operation (the cheapest twin room costs £14.50 a night plus 13 per cent.).

The purchase, which only

awaits Bank of England approval, is from the Sonesta International Hotel Corporation, which until recently was the Hotel Corporation of America.

Sonesta International has had serious cash problems over the past two years. While its London hotel made money other operations have lost heavily and drastic action has been needed.

But it was an American company with whom Lex found itself fighting in the final stages of negotiation. A Lex executive flew to the U.S. last week-end to clinch the deal and success was largely due to the fact that the British group offered cash.

Flexing muscles

Lexis now flexing its hotel muscles. Construction of a 725-bedroom hotel at Heathrow Airport, London, should be finished in 1973. A 10-year management agreement has been signed with Hyatt International for it to operate the hotel. Lex can take over management in five years if it pays £100,000.

In another agreement a long-term management contract has been signed between Lex and Hilton International (TWA) for Hilton to operate the hotel now being built at Stratford-upon-Avon.

Contracts are about to be exchanged for Lex Hotels to build and operate under its own management a four-star hotel at Gatwick Airport on land leased from the British Airports Authority for a 50-year term. Initially that hotel will have 145 rooms, but it has been planned to be extended to 500 rooms.

Announcing the acquisitions last night, Mr. Trevor Chinn, managing director of Lex, said: "We took our first moves into the hotel business 16 months ago as part of our planned programme of diversification."

Now, says Mr. Chinn, Lex is looking for more overseas sites, the purchase of which will be financed locally. It wants one more hotel in London and others in European and American

Plans for BSC European joint ventures outlined

BY HAROLD BOLTER, INDUSTRIAL CORRESPONDENT

BRITISH Steel Corporation's plans for jointly developing steelworks costing up to £600m. in Britain and on the Continent in partnership with other European producers were outlined by Lord Melchett, the Corporation's chairman, in the Lords debate last night on entry into the Common Market.

At the same time, Lord Melchett, in a vigorously pro-market speech, referred to the possibility of joint iron ore and coking coal mining ventures with European producers in Australia, where co-operation in manufacturing and selling in third markets, and greater co-ordination in the prices field.

Talks are already taking place between the BSC and steel producers in France, Holland and West Germany about the possibility of joint manufacturing enterprises in Europe, it is believed.

The basic problem facing the major EEC producers and BSC is that, while they all accept that steelworks with a capacity of up to 15m. tons a year are needed to meet Japanese competition, each wants them built in its own country.

BSC, which has announced nearly 40,000 redundancies since nationalisation, is under no illusions that it would face bitter opposition from the British steel unions if it tried to build a giant steelworks on the Continent only.

The unions have already warned BSC that they would not stand by and watch the Corporation take jobs to the Continent.

BSC has stated, in fact, that it would prefer to build a plant of up to 15m. tons in Britain, but it is generally expected that the Government, when it announces the results of the second stage of its review of the British steel industry, will decide that the £1,500m. involved would be too high a cost for Britain to bear alone.

It might, however, be possible for BSC to do a deal with one or more of the Continental producers. This could take the form of European investment in a British plant, with British finance provided for a further works on the Continent when the market was big enough to take its production, or vice-versa.

In this way, trade union objec-

tions about lost job opportunities could be overcome, and high capital costs could be shared.

Apart from discussions on these lines, BSC is also understood to be having direct talks on the possibility of developing a steelworks in Spain, in co-operation with a Spanish producer and, possibly, another European steelmaker.

Although the replacement of obsolete plant based on the open hearth steelmaking process with basic oxygen converters is needed in all the European steelworks, it can only be carried out slowly. This is because of the high costs involved and the social problems which would be created

by rapid closure of existing facilities.

In the Lords, Lord Melchett also referred to the need for BSC "to co-operate with Europe to secure our vital raw materials and possibly partly processed materials, many of the richest reserves now being located at great distances in the Southern Hemisphere."

Here, the plan is understood to be for the development of iron pellet production plants in Western Australia by two or more European producers. There could also be joint coking coal mining ventures and co-operative shipping arrangements.

Melchett in Lords Page 14

More private house starts

BY MICHAEL CASSELL

THE NUMBER of private houses started in September was the second highest ever recorded in Britain during one month. Only in 1967, when builders brought forward projects to avoid betterment levy and created an isolated upsurge in construction work, has a higher monthly total been achieved.

According to the Department of the Environment, work was started on 20,900 private homes during the month compared with 16,800 in August. But a survey in August was affected by holidays, comparison with September last year, when only 16,000 private houses were started, provides a better indication of how well house builders are now doing in this sector.

Although the industry is pleased about the private housing market improvement, its biggest fear is the prospect of a serious lack of suitable development land which will be essential next year if builders are to capitalise on the increasing demand. They are already warning that unless more developable sites quickly become available, the privately housing revival could be short-lived.

During September, another 11,700 council houses were also started. Although this represents a rise of some 600 on August, it is considerably below the

September, 1970, total of 14,700 and points to continuing decline in the public sector.

It is this decline which continues to hold down the overall housing starts picture, despite the excellent progress by builders of private homes. Even so, the total housing starts for the month reached 32,500, a figure unequaled since June, 1970, and which has not been passed since July of 1969.

In the third quarter, private sector housing starts were up 24 per cent. on the previous three months and 23 per cent. up on the same period of 1970. Public sector starts were down 3 per cent. on the second quarter and down 18 per cent. on July-September last year.

Private house completions were also encouraging. In September, 17,400 private homes were completed against 15,200 in the same month last year. The total is one of the lowest recorded in 1971.

In the third quarter, private sector completions were up 4.5 per cent. on the previous three months and 10.5 per cent. up on

More than 20 unions may defy TUC

BY JOHN ELLIOTT, LABOUR EDITOR

THE TUC's policy of non-registration under the Industrial Relations Act suffered a new blow yesterday from the agricultural workers within hours of Mr. Vic Feather, its general secretary, claiming that few unions would defy the policy.

Mr. Feather was addressing the Financial Times industrial relations conference in London and, referring to the non-registration issue, said: "There has been an overwhelming response by unions to our lead. The exceptions will prove very exceptional indeed."

In fact, more than 20 unions are now believed to have decided to defy the TUC and remain registered, and the Electrical and Plumbing Trades Union may join the list soon.

The agricultural workers' decision was taken yesterday by the national executive of the National Union of Agricultural Workers. It confirmed a provisional policy drawn up by the union before the annual Trades Union Congress strengthened its line against the Act, and "instructed" unions not to register.

Mr. Reg Bottin, the union's general secretary, made it clear last night that he was completely opposed to the whole of the legislation. But he went on to state that the union did not feel able to jeopardise its finances by laying itself open to

the unlimited damages which an unregistered union could face over unconstitutional strikes.

Mr. Feather's remarks came at the start of the second day of the conference and included a vehement denunciation of the Act as a political measure with which unions could not co-operate.

Later in the day, however, Mr. Len Neal, who formally takes over as chairman of the Commission on Industrial Relations next Monday, appealed to the unions to reconsider their non-co-operation policy now that the legislation was enacted. He said the long "acrimonious" debate over the various methods of reforming labour relations, which had "revealed the protagonists, on both sides, in some of their worst forms and prejudices," should now end.

Mr. Neal, who was making his first major speech on the role of the CIR, now faces the difficult task of heading an organisation which the unions are boycotting. He described the CIR's twin tasks of promoting voluntary reforms and carrying out investigations under the legislation as acting "as coach as well as referee in applying the rules of the game."

But he had little time for the remark made earlier by Mr. Feather that the unions believed in "constructive progress on the basis of non-co-operation with the Act."

Mr. Feather assured the delegates that he had said "constructive" and not "obstructive." But Mr. Neal's reaction was that any one who could understand what Mr. Feather meant would qualify, "for membership of some 15th-century theological synd.".

Conference Report Page 32

BELL'S
SCOTCH WHISKY
More ye go

Weather
U.K. TO-DAY
A trough of low pressure moves E. over the British Isles decreasing speed. N. Ireland will have sunny intervals with isolated showers. Scotland, Wales and most of England will remain cloudy with some rain places, though brighter west will later spread to most N. & W. districts. S.E. England probably remain dry with sun spells. Temperatures will be near, or rather above normal. London, S.E. & E. Anglia. Some sunbathing at first, but becoming cloudy. Wind S.W. or moderate. Max. 14C (57F). E. Midlands, Cent. S. & E. England, Channel Is. Bright intervals at first, becoming cloudy with rain places. Max. 13C (55F). S.W. Midlands, Cent. N. & N.E. England. Becoming cloudy with occasional rain. Max. 13C (55F). S.W. England, Wales, N.W. England, Lakes, L. of M. S.W. Scotland, Glasgow, Argy. Cloudy at first with outbreaks of rain. Sunny intervals, scattered showers later. Max. 11C (52F). Borders, E. Scotland, Edinburgh, Cent. Highlands, Dundee, Caithness. Rather cloudy with rain times. Bright on clear intervals later. Max. 11C (52F). Rest of Scotland. Cloudy with rain at times. Wind S. to S.W., strong to gale. Max. 11C (52F). N. Ireland. Showers and sunny intervals. Wind W. to S.W., fresh or strong. Max. 11C (52F). Outlook: Mostly dry, but at times in N. Lightning-N. London, 183. Glasgow, 18.15; Belfast, 18.25.

BUSINESS CENTRES

City	Day	Time	Temp
Amsterdam	Mon	10.30	10
Berlin	Mon	10.30	10
Brussels	Mon	10.30	10
Copenhagen	Mon	10.30	10
Dublin	Mon	10.30	10
Frankfurt	Mon	10.30	10
Geneva	Mon	10.30	10
Hamburg	Mon	10.30	10
London	Mon	10.30	10
Madrid	Mon	10.30	10
Paris	Mon	10.30	10
Rome	Mon	10.30	10
Stockholm	Mon	10.30	10
Switzerland	Mon	10.30	10
Vienna	Mon	10.30	10
Zurich	Mon	10.30	10

HOLIDAY RESORTS

City	Day	Time	Temp
Alacort	Mon	10.30	10
Albion	Mon	10.30	10
Alford	Mon	10.30	10
Alton	Mon	10.30	10
Alton	Mon	10.30	10
Alton	Mon	10.30	10
Alton	Mon	10.30	10
Alton	Mon	10.30	10
Alton	Mon	10.30	10
Alton	Mon	10.30	10

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